“Build it and they will come” won’t work for intermodal terminals!

New Shipping Fairways established

HONG KONG
the plutocrats’ paradise!

PROFILE
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CONTENTS
SUMMER 2012

2 ANNOUNCEMENTS FROM THE BRIDGE

4 VIEWPOINT
"Build it and they will come" won't work for intermodal terminals

6 PROFILE:
Denis Naphine MP, Minister for Ports Victoria

10 HONG KONG
10 All the wonders of a plutocrats' paradise
14 The Pearl River Delta
16 International profile:
   Gloria Choy, CEO Asia Container Terminals

18 SECURITY
Nature of the threat drives our policy settings

20 BIOSECURITY
DAFF raises the bar

22 PORTS
Competition is the name of the game

26 SHIP PROPULSION
26 Technology goes back in time
28 Baltic ferry launches new era

32 NAVIGATION
32 New fairways off North-west
34 Technology underpins ocean highways

38 TRADE
From Rio to Freo the world goes nuts

40 LEGAL
40 Shipping reform legislation
44 Conflicting jurisprudence

48 THE SCENE
NSW Parliamentary Luncheon and Queensland Ball

50 SIGNAL
New YSA in Queensland off to great start

52 BOOK REVIEW
One False Move, by Robert Macklin

Front Cover:
Repulse Bay shrine in background.
Inset: DP World’s logistics centre at Hong Kong’s Kwai Tsing container port.
Profile: Denis Naphine, MP
ANNOUNCEMENTS FROM THE BRIDGE

By LLEW RUSSELL

Don’t forsake our old friends for emerging markets

This will be my last Announcements from the Bridge pending my retirement next year following the taking of my leave entitlements from the end of January. I will prepare the reports on this calendar year for the Annual but I know the magazine will remain in good hands under the Chairmanship of our Public Relations Steering Group, Ross McAlpine, representing the Mediterranean Shipping Company and the assistance he readily receives from Frank Needs, who worked for many years with ANL. I have also been most grateful for the valued assistance I have received from Archie Bayvel, our feature writer.

On 6-14 October, I attended the annual meeting of The Federation of National Associations of Ship Brokers and Agents (FONASBA) in Venice and as usual, there was very active discussion on the current state and forecast demand for services in the dry bulk, international liner industries and chemical tanker industries, as well as a discussion of many of the joint problems currently being experienced by shipping agents and ship brokers around the world. Members were reminded of the quality standard that is promoted by FONASBA and Shipping Australia has the ability to provide the standard to its members that request such an accreditation and meet the criteria.

I also chaired the new West Pacific Indian Ocean Range Committee which comprises representatives from the various associations in China, Japan, Philippines, Indonesia, Kenya, Mauritius, South Africa, India and Sri Lanka as well as Australia. There were good presentations at the conference overall from the 50 countries represented by FONASBA. The potential licencing of shipping agents in all countries was a controversial topic discussed. Members were urged to complete the port procedures survey which is most comprehensive and Shipping Australia has been a contributor. The results should be released in the not too distant future.

It was recognised that there are many challenges facing the shipping industry but that there is an increasing emphasis on the importance of the shipping agent to facilitate ship visits and enhance the international trading capacity of any country. A paper on the value of the shipping agent will be finalised shortly by FONASBA.

Much of the week long meeting was concerned with infrastructure, environmental issues affecting
Delegates at the FONASBA conference

shipping as well as the vital need to enhance education and training throughout the industry. A book on FONASBA and its history is currently being prepared.

On 24 August, this year, Shipping Australia held a joint seminar with the Australian Export Council on the theme of increasing competitiveness in Australia’s international trade and maritime industries. Dr Craig Emerson, the Federal Minister for Trade and Competitiveness gave the keynote address and a very interesting address was also given by the Shadow Minister for Infrastructure and Transport, Warren Truss. In addition, presentations were given to this well attended seminar by Professor Stephen Martin, ceo of CEDA, Mark Evans, Global Head of Trade and Supply Chain, ANZ Bank, Professor David Widdowson, ceo of the Centre for Customs and Excise Studies, Andrew Wilson, deputy secretary, Department of Infrastructure and Transport, Rona Mellor, deputy secretary, Biosecurity, Department of Agriculture, Fisheries and Forestry, Michael Kilgarriff, ceo and managing director of the Australian Logistics Council, Mark Malone, managing director of the towing company Svitzer Australia, David Anderson, ceo, Ports Australia and our chairman, Ken Fitzpatrick from Asiaworld Shipping.

All the speakers outlined the current challenges facing Australia in terms of increasing our competitiveness and productivity but also recognise the comparative advantages we do have and how we can learn from other countries, particularly in our region.

An important message was not to neglect our more mature overseas markets as we concentrate on entry into new emerging markets.

In terms of trade development, the Department of Agriculture, Fisheries and Forestry has provided a very interesting article on prospects for grain ships inspections being carried out by marine surveyors', for example, authorised by DAFF Biosecurity to undertake such ship inspections on their behalf prior to loading grain. As a result there are many benefits to be gained across the board. In terms of productivity generally, David Anderson has also provided an article for this magazine on the lack of container terminal productivity in Australia.

One of the challenges raised at the seminar was inadequate infrastructure, particularly servicing our major ports and in this respect we are pleased to have a profile of Denis Naphine, the Victorian Minister for Ports who has announced the building of a new container terminal at Webb Dock East as well as moving motor vehicles from there to Webb Dock West and this will create the opportunity for a third container stevedore in the Port of Melbourne. Swanson Dock is also being extended and action is being taken to prepare for the eventual development of the Port of Hastings as a second major container port for Victoria.

The Australian Transport Safety Bureau has released a comprehensive study into pilotage in the Great Barrier Reef area and many of the recommendations to improve safety have already been adopted by the providers of pilotage services in the GBR area. However, fairways to restrict ships passage through sensitive areas of the reef will be important in the future and a similar system is being developed off North-West Australia. Articles in this edition address this important issue.

The four largest container ports in the world, Shanghai, Singapore, Hong Kong and Shenzhen in China handle approximately 110 million TEU (20 foot container equivalents) per year compared to Australia’s 6.5 million TEU. Our feature writer, Archie Bayvel has visited a number of terminals in Hong Kong and reports on their development.

A major challenge for ports and container terminals in the world is environmental issues and an ongoing challenge for vessels of the future is going to be ships fuel services and their sustainability. We reproduce here as an article a summary of the speech given by Dr Robert Dane, ceo of Solar Sailor at a ICHCA Australia Limited luncheon on this year on fuel savings on a commercial scale for ships using sail power. Dr Dane believes that shipping will go back to the future and harness the energy available at sea like the sailing ships evolved, but in a new way, using solar sails that capture both sun and wind energy. There is also an article on the use of LNG as a fuel for the future.

Finally, it gives me great pleasure to wish all of our readers and their families a wonderful Christmas break and a healthy and enjoyable new year.
“Build it and they will come” won’t work for intermodal terminals!

There has been much debate in the media this year regarding the development of intermodal terminals in metropolitan cities, particularly in Moorebank in Sydney. The building of an intermodal terminal at Enfield is also well underway in Sydney and it should be ready towards the end of next year. The challenge remains in developing and building new intermodal terminals in Melbourne and also in Fremantle.

In the media articles there appears to be an impression that building these facilities will result in their maximum utilisation. SAL is firmly of the view that unless many commercial and practical issues are dealt with beforehand, it is extremely unlikely that these intermodal terminals will reach their optimal capacity.

Why build them in the first place?
The issue is how to extend the life of existing container terminals in our major capital cities that are being challenged with congestion already, particularly in Sydney and Fremantle. There appears to be reasonable capacity in Brisbane to handle future developments but not so in Sydney, Melbourne and Fremantle. Eventually, Adelaide will also face similar problems. Over the next 10-15 years, users will be facing serious capacity constraints at the major container terminals in those cities.

It is acknowledged that current investment plans should assist in meeting some of that potential congestion, for example in respect of the introduction of automation and semi-automation in Brisbane and Sydney and a possible new third stevedore in Melbourne joining Hutcheson Port Holdings who will be the third major stevedore in Brisbane and Sydney next year. Nevertheless, this is not enough to meet the rapidly increasing container growth that’s anticipated within the next 20 years.

Whilst intermodal terminals are on one view simply the transfer of freight from one mode to another, in Shipping Australia’s view they should operate as inland ports with all the facilities available compared to container terminals in the ports themselves. For example, containers should be selected for delivery to the intermodal terminal prior to arrival with plans for the same day transfer of such containers to the intermodal terminal following discharge from the vessel. In SAL’s view, the stevedores should arrange that transfer and accept liability up to delivery at that inland port with cargo to move under bond and with border agency facilities available at the inland port. In addition, warehousing, container cleaning and repairs, empty container storage and other ancillary services should be available at the inland port.

As regular readers of this magazine will be aware, Shipping Australia released a study on intermodal terminals in metropolitan areas in January this year which set out what was needed to achieve optimal utilisation of these facilities bearing in mind that currently there is a low contribution of freight on rail due to its high cost of operation and poor service quality compared to road transport.

The SAL study found that to transport the expected throughput of 300,000 TEU’s per year at Enfield, it was imperative that the Enfield intermodal logistics centre run at least seven 600 metre train shuttles through the Port daily, with 60% of the train loaded to achieve 108 TEU per round trip or 270,000 TEU per year. This was considered the minimum to achieve a break even point for rail.

Peak efficiency at the Enfield terminal could take almost 130,000 truck trips per year off Sydney roads and Sydney Ports Corporation are tackling what rail reforms are needed to increase the amount of freight on rail.

As with many other commercial and practical tests, the attractiveness of storing empty containers at such a terminal will depend upon its price and reliability and the efficiency and capacity of rail transport to deliver the empty containers to the container terminal expeditiously.

Mention has already been made in Sydney of the development of an intermodal terminal at Enfield and in the future another intermodal terminal at Moorebank which will have capacity for well over 1 million TEU’S per annum. In Melbourne, there are plans for further development of intermodal terminals at Somerton, Laverton, Altona and a new intermodal terminal near the Dandenong. In Fremantle, there are plans to further develop an intermodal terminal at Forestfield. In Melbourne, high performance vehicles could undertake the task initially but in the medium to long term, Melbourne’s freight task will have to be developed on the basis of rail transport to relieve pressure on the roads and to extend the life of the port.

Shipping Australia strongly recommends that industry continues to discuss with the Australian Customs and Border Protection Service, DAFF Biosecurity and the Office of Transport Security practical solutions for the servicing of these intermodal terminals that will meet all legislative requirements.

SAL also recommends that optimisation of capacity at these new intermodal terminals will only be achieved by the following:

- Better aligning of rail paths and time windows
- Streamlining shunting and inspection activities
- Under bond movements as discussed
- What support is required in the initial years; perhaps lower rail access fees?
- Investing in IT infrastructure and establishing the necessary operational standards
- Constructing dedicated freight lines that link ports to these intermodal terminals
- Identifying solutions to increasing train utilisation

It will be necessary for the Freight and Logistics Councils in the States and Territory to address these issues with all stakeholders and the recently established Ministerial Freight Advisory Council in Melbourne is an excellent start.
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Few retirement eulogies have the impact that Shakespeare gave to The Thane of Cawdor on his departure from politics: “Nothing in his life”, he said, “became him like the leaving it.”

By that measure, you’d be hard-put at the other end of the scale to find a politician whose entry into politics, his maiden speech, is worth its space in Hansard, never-mind in Shakespeare.

Unless, of course, one turns to Wednesday, November 2, 1988, when one Denis Vincent Naphthine launched his parliamentary career as a Liberal MLA in Victoria’s Legislative Assembly.

“I have,” he told his fellow MPs, “listened to many maiden speeches by honourable members opposite about redistribution of wealth. I did not hear a single comment about the need for its generation. We should not be arguing how to divide the cake but, rather, how to produce a bigger cake.”

It’s almost Churchillian!

It does, of course, leave him with the seemingly insurmountable problem of finding something better to say on his retirement, an event which, considering he is still only 60 and has successfully defended seven elections, is not yet pressing.

The fact is that in every state’s shipping industry today the cake is getting bigger every year as is the task of managing it and producing its essential infrastructure. It’s also a fact that there aren’t always many competent bakers.

Here’s how Naphthine, a vet for 13 years with Victoria’s Department of Agriculture 1975-87, looks at his job today:

“At 60 I have some seniority in the party,” he says, “and when we came to power I was very keen to take on a key economic and development job, plus I’d been the shadow minister for ports for three years. So when I expressed interest in the Ports portfolio I got the job.

“Almost as soon as I got into office, Steve Bradford, the ceo of the Port of Melbourne, was on my doorstep pressing his case for increasing the port’s capacity.

“From my experience with farm animals as a vet I knew first-hand how important an efficient port system was to Australia’s agriculture. And leading
up to the Victoria elections I recognised that we were facing a capacity crisis.

“I blame that on Labor dithering and being afraid to make decisions on developing the port for fear of upsetting voters in adjacent electorates, which just happened to be those of Tim Pallas who held this portfolio in the Labor Government.

“So port capacity continues to be our biggest challenge as we plan for the next decade and beyond. We have a two-part plan:

“Part 1 is to spend $1.6 billion on Westernport, East and West Swanston, a new car terminal at Webb Dock West and a new container terminal at Webb Dock East.

“Part 2 is a commitment to develop Hastings as Melbourne’s next container port and we’re going full-steam ahead to do that. Recent press reports to the contrary are nonsense; they got it wrong!

“By 2030 Hastings’ container capacity will be 2-3 million teu a year and heading for 7-10 million teus. It’s a natural deepwater port of 14.6 metres close to Victoria’s fastest-growing regions.

“Melbourne’s, and indeed Victoria’s, port agenda is set right up to 2040-50, even beyond that.

“Apart from Melbourne, Victoria also has important ports at Geelong and Portland. Geelong has just had a record year with 16 million tonnes of grain and woodchips as well as other cargo. Portland has also had a record year with more than 5 million tonnes of mineral sands, woodchips, and the return of grain after almost 10 years of drought.

“Politics can cause paralysis in decision-making but freight and logistics are the drivers of Victoria’s economy. We can’t afford not to be Australia’s number one port.”

So there’s where Denis Napthine’s at today. Now a bit about where he came from ...

Born in Geelong, and that’s his footy team, he was brought up in nearby Winchelsea and boarded at St Peter Chanel College. He then attended the University of Melbourne where he graduated in veterinary science and went on to do a masters degree before going into private practice as a vet in Hamilton where he subsequently studied for an MBA from Deakin University.

Somewhere along that way the world’s vets took a look at the new generation of dentists who had decided to call themselves “Doctor” despite – like most medical doctors – not actually having a doctorate-level degree. And so vets in Australia became “Doctors” too and plain Mr Napthine became Dr Napthine like all the rest before, in due course, also qualifying for another honorary title and morphing into his current iteration as The Honorable Dr Denis Napthine MP.

It’s easy to poke fun, of course, but the fact remains that to even gain admission to an Australian veterinary faculty requires an almost astral HSC result and you don’t get MBAs for nothing. He also well and truly served his time as a working vet and his parliamentary record includes two years as Leader of the Opposition and a term as shadow minister for his present portfolio.

“During my vet days in the 1980s I travelled to Kuwait and Bahrain as an RSPCA veterinary officer,” he recalls. “The ship was a converted oil tanker and we had 25,000 sheep aboard in 14 storeys of pens.

“Part of my job was to do post mortems on any sheep that died. Dissecting a sheep on an open deck was quite a
task with one’s instruments slithering hither and thither with the roll of the ship.

“Most of the sheep that died had been unable to adapt from eating grass to eating pellet food. They’d go for about eight days without eating and fall victim to an infection and die. But even in these days the death rate was contained to less than 1 per cent of the cargo.

“Then I had my mid-life crisis. I was 36 and decided to enter politics.

“There were already three politicians in Hamilton so there wasn’t much room for a fourth. So rather than a future of always being the new kid on the block I moved to Portland and bought a house that overlooked the ocean where we could hear the ships’ foghorns. I’ve never regretted the move.

“But that was far from my first contact with the sea. I had a youthful connection with it when I sailed on a goodwill cruise to spend six weeks in Japan along with students from Fiji, Japan, and New Zealand. Among the NZ contingent was Helen Clarke, destined to become that country’s Prime Minister. The cruise was an experience inasmuch as we were caught in a storm off Tokyo and I was seasick!”

Today his three sons are in their 20s and home is at Port Fairy, some 3.5 hours drive from Melbourne. When in Melbourne he lives near the racetrack as befits a minister whose portfolios include racing as well as roads.

Indeed, while one wall of his city office is dominated by magnificent aerial photographs of the ports of Melbourne and Hastings, another wall is dominated by horse photos including a large portrait of Black Caviar.

So, Minister, what do you do for a hobby? – “A fair bit of walking ... and walking. Once you’re over 40 I think it’s best to forget running. Moderation in everything is one of my mottos.

“But doing the port stuff is my high because it’s about making a difference. The present expansion will go on for many years and I hope to still be in office to see completion of some of our projects.”

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All the wonders of a plutocrats’ paradise ...

ARCHIE BAYVEL reports from Hong Kong

The Mysterious East of western legend sure ain’t mysterious any more. Postcards, affordable travel and the internet have made it very hard to find new things to write about. Hong Kong and its people have had more than their share of the OMG spotlight.

But there are still surprises in Hong Kong today if you’ve got a fresh mind and haven’t been there, or not for a while anyway.

Forget rickshaws, fans, and sailing junks ‘cos they’re all passé; replaced by a city that’s a plutocrats’ paradise supported by a large, cheerful and hardworking population PLUS ...

Plus a seemingly endless stream of planning and management genius emanating partly from mainland China, partly from Hong Kong itself (locals would say it’s all from them), and in no small way from the long-gone Brits.

Of course the real Hong Kong story might be speculation on its future and whether today’s mighty Kwai Tsing port - No 3 in the world for containers - will soon be by-passed by the burgeoning power of the Pearl River Delta ports.

New forces are at work. The Delta terminals already handle the mega-ships on the east-west and trans-Pacific runs and are dredging to 18 metres in anticipation of bigger to come.

In its 2011 annual report Hutchison Port Holdings Trust points out that Hong Kong’s and Shenzhen’s combined throughput of 47 million TEUs constitutes the world’s busiest container port market.

Other Hong Kong terminal operators - including HIT and Modern Terminals Limited - also have significant interests in delta ports and there must be many others.

But the delta story is in the quite close future. This story is about today and mostly about Hong Kong, its extraordinary people, and glimpses of lifestyles beyond ordinary Australians’ imagination.
Travel the city itself from Aberdeen to Central, Kowloon to the New Territories and the wonder is: “Who runs all this?” Whoever they are they do a fantastically good job.

Hemmed in by hundreds, maybe thousands, of skyscrapers, the city’s road system is a skein of flyovers and underpasses that would baffle a spider but must in fact have been carefully and precisely planned. They work beautifully and unlike, say, the streets of Bangkok or Mumbai are easily managed by glamorous expat mums in their Mercedes and BMWs while their husbands drive testosterone vehicles like Ferrari, Lamborghini, and Porsche. Sedate Rolls Royce and Bentley are commonplace.

Public gardens and open space is everywhere and a big new botanical garden is being created on the waterfront just by the Victoria ferry terminals.

So very much to wonder at. What to highlight? Let’s take a plunge and pick only two, neither of which you’ll find much about in Google ...

**Wonder No 1 has to be the extraordinary sophistication and beauty of the young wives and girlfriends of this city’s thousands of millionaires. Very many of them are breathtaking, none less than coutured.**

Few are just pretty faces or startling bodies, many are highly qualified professionals with multiple degrees and big careers. All are a breathtaking demonstration of what a million-a-year does to a young bloke’s eligibility.

You’ve never seen such women, such faces, such ...

Steady! Better we leave the ladies just there and move to the second wonder which while possibly of less interest to readers is by the nature of this magazine on-song with matters shipping.

**Wonder No 2 is the massive logistics and distribution centre slap bang in the middle of DP World’s Terminal 3 at the city’s Kwai Tsing Container Port. It’s the godown of all godowns that would have Dirk Struan and the legend taipans doing cartwheels of envy wherever their bones may lie.**

Sixteen hundred vehicles a day ranging from vans to trucks lugging 40ft containers roar up and down internal roads from top to bottom of the 13-storey centre 24/365. Each level has a floor plate of 300,000 or 400,000 sq feet!

It is a complete vertical container yard moving some 24 million teu each year. Nine million sq ft walled and roofed, it contains warehousing, distribution centres, and a 12th floor marshalling area where drivers have their own McDonalds, a post office, and ATMs.

Named ATL Logistics Centre Hong Kong it sits astride CT3 which is 66.7 per cent owned and totally managed by DP World.

Depending on who you talk to the centre is one of the wonders of the industrial world or/and featured in the Guinness Book of Records. DP World describes it as the world’s first and biggest drive-in logistics centre.

Hongkong International Terminals, a Hutchison company, has a big one too but it’s only 4.5 million sq ft and despite HIT being Kwai Tsing Port’s biggest operator it is DP’s 9 million sq ft centre that makes the record books. Size does count!

Tenant directories in the cathedral-like lobby read like a Who’s Who of Hong Kong business with world-famous brand names ranging from Ikea to L’Oreal and distribution facilities for Wellcome (one of Hong Kong’s two giant food chains), Sony, Duty Free Stores and many others.

Sitting atop this hive of activity which a visiting American admiral once described as an aircraft carrier on land are the executive offices of DP’s elite. Floor 13 is, eerily cut off from...
The Hong Kong waterfront on a misty day

the uproar below and is the lair of Peter Wong, senior vice-president and managing director of DP’s Asia Pacific area. He is “Mr Wong” both in spoken and written address to all but his most senior colleagues and smiles wryly when told that in faraway Mumbai, DP’s CEO - Alpesh Sharma is actually saluted on sight by many of his staff.

His empire covers all DP World’s businesses and development projects in China, Hong Kong, Korea and South-East Asia with terminals at Tianjin, Quingdao, Manila, Ho Chi Minh City, and Surabaya as well as the two in Hong Kong. A BSc major in economics and finance, he has 37 years’ experience in logistics having worked in North America, Europe as well as throughout the Far East.

A quietly-spoken unflappable bloke who comes to points swiftly, Peter introduces Rufin Mak with: “Meet Rufin. He runs this place” gesturing to the massive industry below and the equipment-crammed wharf beyond, “and this is Gloria,” indicating a tall young woman in a black business suit, “who is CEO and managing director of our Terminal 8 over there” gesturing beyond the forest of cranes that is this astonishing port of Kwai Tsing.

In Kwai Tsing’s comparatively small area of 200 hectares there are 14 terminals owned or operated by seven companies, 34 berths and countless cranes and gear that makes it the biggest container port in the world after Shanghai and Singapore.

Amid all that, DP’s terminal is one of the smaller stevedores but it operates and part-owns the logistics centre the like of which, it’s easy to believe, exists nowhere else in the world

Rufin Mak turns out to be as unflappable as his vice-president despite being MD and CEO of an empire whose transactions, he says, affect the daily lives of most people in Hong Kong. His hobby – he takes Sundays off – is finalising a 200,000-word book he has written.

At 40, Gloria Lai Ching Choy would have to be the poster girl for any woman with dreams in the shipping industry. She’s done it all on her way to the top: Management trainee, yard supervisor, development manager, engineering director, chief operating officer and now CEO and managing director of a 1.4 million TEU pa terminal with 600+ employees in the heart of one of the world’s three biggest ports.

Even more unflappable than Peter Wong and Rufin Mak, she welcomes initiatives to encourage women striving for success in a male-dominated industry and describes her own career in detail. So more about Gloria and her empire later. [See International Profile Page 16].

Before getting too lost in shipping again let’s briefly re-visit Hong Kong Wonder No 1 – the girlish young mums wearing diamond tennis bracelets to playschool, Western, Indian and Chinese ladies so beautiful one daren’t look at them for fear of gawking. Their husbands are equally stunning. Alphas to a man in their late 20s to early 40s, they are bankers, lawyers, airline captains, and taipan princelings by birth plus a sprinkling of mystery men living rich yet without visible means of support.

While most inhabitants of Hong Kong are unmistakeably Asian many have difficulty in thinking of themselves as Chinese. At heart they are Hong Kongers or and Cantonese and, like the Irish and Scots, a special people proud of their difference. As Rahul Jacob, a local journalist wrote recently in the Financial Times: “Hong Kong is part of China but metaphysically a different place altogether.”

Hong Kong is surprisingly similar to Scotland from whence many of its founding fathers came less than 200 years ago. Like Scotland it is mountainous, surrounded by islands and wraithed in mist and low cloud for much of the year. Trams rumble through Central just as they used to in Glasgow, Edinburgh, Aberdeen and Dundee in the glory days.

The difference is the weather. To Scots eschewing underwear and freezing in their silly kilts it must have been – and still is – a paradise. Another difference, of course, is the wealth ... while Hong Kong booms, Scotland somewhat languishes. A century makes a difference.

Hong Kong’s outstanding transport is its train system. It’s fast and silent; check your bags into Central station and you won’t see them again until Sydney and you’ll be at Hong Kong’s Chek Lap Kok international airport in 24 rattle-free minutes! It’ll need an amazing airport somewhere as yet unseen to beat it.

Everyone in Hong Kong seems hyper – the rich because they want to get richer, the poor because they don’t want to risk their jobs. Both groups are insanely competitive. One guide wanted to ensure no equipment but his appeared in our photographs and terminal operators routinely paint-out rivals’ crane logos from photos of the port. Subtle misinformation about rival companies is rife, almost a game to see who can most cleverly finesse the facts without altering the truth.

Not only is there an astonishing work ethic but everyone smiles easily from white-starred lady concierges in luxury condominiums to the career aristocrats with thousands of eager employees at their bidding. Some say the top restaurants in town are marked by the rudeness of their staff. Could be, but despite our entourage causing commotion wherever it went, it got smiles all the way. Only problem is getting a booking. Call, say, the Hong Kong Club or the less exclusive China Club from one of the big finance houses and you dine there.
tonight; phone as a stranger and you could be put on hold, the hint for your missus to start cutting sandwiches for dinner.

There’s eccentricity too. One tycoon is pursued by three wives with different claims on his assets. Another has offered $64 million to any man who can cure his beautiful daughter of being a lesbian. This writer has received no acknowledgement of his application and supporting credentials. As yet!

A significant people issue in Hong Kong is its rapidly disappearing middle class. While the unemployment rate is around 2 per cent, the jobs range is polarised around very highly-paid executives such as bankers and low-end low-skill jobs.

Factory owners and their managers have long fled across the border to China’s towns and cities of the Pearl River Delta. Reason for the flight would have been unthinkable 15 years ago: Mainland China pays much lower wages than Hong Kong.

Replacements for these middle classers will be hard to come by what with the growing elite driving already-astronomical rents even higher and some 40,000 – 50,000 new graduates appearing on the jobs market every year. Many have no choice but to seek work in China or overseas.

Amid all that sits a unique little sub-class of Australians who earn comfortable if precarious livings as tennis coaches, golf teachers, personal trainers, yacht skippers and gym bunnies. They hobnob with the great and famous and enjoy a high degree of familiarity within the rules of whatever game they play. But theirs is a precarious path far from Hong Kong’s real hi-life their contact with which is analogous to favorite slaves in Ancient Rome who fiddled with their masters while knowing one false move and the bottom falls out of their world!

They are matched by a female demi-monde consisting of thousands of Filipina nannies and maids who attend all these lovely young wives and their children. They call them Mothers’ Helpers. The poor wee souls earn less than AS1000 a month, most of which they send to families in the Philippines, and live in cupboard-size rooms, a substantial part of which may be the passageway to the washing machine or dustbins back of their employers’ homes.

What private life they have between making breakfast, looking after the kids, making lunch and dinner is spent in these cops which must be a standard size of smallness because one can buy all their furniture as a single DIY kit!

Only on Sunday are they, like Rufin Mak at his literary endeavors, free of work. They flock early like kids out of school to the beaches where they picnic, fly banners showing the town or district they come from, play entropic ball games, gossip and smile and smile and smile until dusk when it’s time to return to their cops and someone else’s lovely children.

Fortunately China remains prosperous and offers many jobs to those who seek them and it supports Hong Kong in many ways; not the least being by supplying 90 per cent of its fresh water and almost all its electrical power from the Dayawan nuclear power station just across the border at Shenzhen. With most factories closed (less pollution) and its acres of market gardens now covered in skyscrapers, Hong Kong also gets most of its food and almost all its clothing from China.

Not all Hong Kongers are happy about that. Even as they enjoy almost universal air-conditioning and domestic refrigeration one hears grumbles that it comes from “Chinese” nuclear power and that the ever-increasing numbers of Mainlanders in Hong Kong speak Mandarin rather than Cantonese and English.

It’s all a bit like Tasmania vs Australia and occasionally one gets the impression that Hong Kongers have absorbed, among other British traditions, a significant dose of the whingeing Pom syndrome. As Confucious never said: “Some folk never happy.”

<table>
<thead>
<tr>
<th>World container port rankings</th>
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</thead>
<tbody>
<tr>
<td>1. Shanghai – 31.74 million teu</td>
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<tr>
<td>2. Singapore – 29.94</td>
</tr>
<tr>
<td>3. Hong Kong – 24.39</td>
</tr>
<tr>
<td>4. Shenzhen – 22.57</td>
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<tr>
<td>10. Rotterdam – 11.88</td>
</tr>
<tr>
<td>30. Mumbai – 4.53</td>
</tr>
<tr>
<td>36. Felixstowe – 3.47</td>
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<tr>
<td>50. Melbourne – 2.51</td>
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All eyes on the PRD

Despite all eyes being on the future of the Pearl River Delta and its giant new ports, Hong Kong remains the third-busiest container port in the world. It handled 24.4 million teu last year, 17.4 million of them at Kwai Tsing and the rest mid-stream cargo transfers, at the River Trade Terminal a few kilometres upstream, and at numerous private wharves.

Kwai Tsing contains 24 berths in 11 terminals inexplicably numbered 1 to 9 but with both T8 and T9 having twin and totally unrelated terminals with the suffixes East, West, North and South respectively. Terminals 1 – 5 offer 14 metres draught while all the others are 15.5 metres. A possible Terminal 10 is planned.

Terminal 9 is historically special because, along with the new airport on Lantau Island, it was a multi-billion-dollar bargaining point of the UK-China handover.

Whenever the last governor, Chris Patten, pressed his demands for democracy under China rule, the Chinese would hint that if he didn’t back off they wouldn’t go ahead with either the airport or CT9. Patten hung in gamely but didn’t get his democracy; China honoured its deal and gave the city the world’s best airport and CT9. Today the terminal is owned and operated by two separate companies; CT9North by HIT, CT9South by MTL.

Midstream operations have been abandoned almost everywhere else except Hong Kong where its lower cost outweighs its added difficulty. Barges or dumb lighters perform the transfers in the roads off Lamma Island then land their cargo at one of 11 independent yards.

The River Trade Terminal, upstream from Kwai Tsing, is operated by a Hutchison subsidiary and is the only river cargo container terminal. Its 49 berths mainly consolidate cargo to and from Kwai Tsing.

Sean Kelly, CEO of Modern Terminals Limited, says in his annual report that despite 2011 markets being much weaker than expected his group will expand its business throughout the delta. But he warned; “Vessel supply and demand has worsened causing a collapse in freight rates. New and larger vessels have outstripped demand keeping shipping markets under severe price and profit pressure.”

Even bigger ships are on their way. Maersk has 10 Triple-E 18,000 TEU container vessels being delivered from Korea’s DSME shipyard from next year. At 400 metres long, 59 metres wide and 73 metres tall, and US$190 million per vessel they will be the world’s biggest.

MTL’s five-berth Da Chan Bay terminal at Shenzhen is a 65:35 joint venture with Shenzhen’s municipal government. Quay depths range from 15.5 – 18 metres.

Hutchison Port Holdings Trust has 56.4 per cent of Shenzhen’s Yantian International Container Terminals. It mainly handles trans-Pacific and Europe-Asia cargo. Around 6500 workers run its day-to-day operations.

Its 2011 report is also cautious with chairman Canning Fok, saying; “A faltering economic recovery in developed countries, with the unpredictable future of the Euro-zone debt crisis means the full outlook for 2012 remains uncertain.”

[Official Hong Kong Government statistics show a 7 per cent decline in containers moved in the second quarter of 2012 compared to 2011and a 4 per cent decline in the number of visiting vessels.]

Surprisingly enough DP World has no major interests in the Delta having long-since sold its interests in the three Shenzhen terminals acquired from P&O in 2006. The sale price, to China Merchants Holding (International), was $229 million. Peter Wong said at the time: “This rebalances our China portfolio in line with our strategic vision. We will re-invest the proceeds into assets that fit our long-term plan.”

As you can see, there’s a lot more going to happen to and around Hong Kong in the years ahead. The glam young mums will grow old, Hong Kong itself may even become smaller as the PRD grows exponentially. But the vigour, intensity look as if they have generations to run.

At day’s end it could all come down to Ozone, the world’s highest bar on the 118th floor of the International Commerce Centre, 425 metres above the Kowloon pavement and fourth tallest building in the world. It has an outside veranda over which one can peer after enough alcohol and provided it isn’t blowing a typhoon when the whole building rocks like Saturday Night.

Every evening at Ozone, well-heeled drinkers and their Vogue-ish ladies gossip and admire the blaze of light from Central, Victoria, Kowloon, even the New Territories. It’s a wonderful world they see and that their successors will see for a long long time. Hong Kong people, the fat lady says, aren’t just living. They’re flying.

Who’s where at Kwai Tsing

<table>
<thead>
<tr>
<th>Terminal</th>
<th>Operator</th>
<th>Depth</th>
<th>Berths</th>
<th>Quay cranes</th>
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<tbody>
<tr>
<td>Terminal 1 (CT1)</td>
<td>MTL</td>
<td>14</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Terminal 2 (CT2)</td>
<td>MTL</td>
<td>14</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Terminal 3 (CT3)</td>
<td>DPI</td>
<td>14</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Terminal 4 (CT4)</td>
<td>HIT</td>
<td>12.5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Terminal 5 (CT5)</td>
<td>MTL</td>
<td>14</td>
<td>1</td>
<td>4</td>
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<tr>
<td>Terminal 6 (CT6)</td>
<td>HIT</td>
<td>15.5</td>
<td>3</td>
<td>11</td>
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<tr>
<td>Terminal 7 (CT7)</td>
<td>HIT</td>
<td>15.5</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Terminal 8 East</td>
<td>HIT/COSCO</td>
<td>15.5</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Terminal 8 West</td>
<td>ACT</td>
<td>15.5</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Terminal 9 North</td>
<td>HIT</td>
<td>15.5</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Terminal 9 South</td>
<td>MTL</td>
<td>15.5</td>
<td>4</td>
<td>13</td>
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</tbody>
</table>

MTL = Modern Terminals Ltd; DPI = DP World; HIT = Hongkong International Terminals (Hutchison); ACT = Asia Container Terminals (DPWorld); COSCO = COSCO
SYDNEY PORTS
GROWING AND WORKING TOGETHER

SYDNEY’S PORTS FACILITATE OVER $61 BILLION OF TRADE EACH YEAR, WITH AN ANNUAL CONTRIBUTION TO THE NEW SOUTH WALES ECONOMY IN EXCESS OF $5 BILLION.

To meet the future demands of international trade, Sydney Ports is increasing capacity at Port Botany with the construction of a third container terminal. The $1 billion Port Botany Expansion is due to be operational in 2013, providing more options for importers and exporters.

For the latest trade information and port developments please visit www.sydneyports.com.au
INTERNATIONAL PROFILE

GLORIA LAI CHING CHOY
ceo, Asia Container Terminals, Hong Kong

How to succeed in business by really really planning...

From ARCHIE BAYVEL in Hong Kong

Gloria Choy should be the poster girl for every thinking young woman, or man for that matter, who wants a distinguished career in shipping.

She describes herself as a professionally qualified senior executive proficient in spoken and written English, Cantonese and Mandarin and with an extensive and diversified management background based on formal training and over 18 years’ end-to-end supply chain experiences in leading multinational companies.

Since leaving university she has worked for only three companies but has frequently changed departments and roles within them to widen her expertise and experience. Her CV even lists supervising typhoon lashings as a passing responsibility.

Today Gloria runs Hong Kong’s CTBWest for DP World and its partner PSA with a throughput of 1.4 million teu a year and employing more than 600 workers. She sets off on a tour and a retinue of managers appear as if from nowhere and fall into step beside her.

“I’ve been here since we started,” she says.

“When I was younger managers sometimes seemed to come from nowhere. Their promotion seemed due to time-in-the-job, they worked without computers, and I observed that some were not efficient.

“Everywhere I’ve worked I kept comparing jobs and industries so that I could bring my experience back with me. The earlier you explore the sooner you learn.

“I’m not a big risk-taker. What I do is down to earth and I prefer to polish my skills in a methodical way. In a new job skills come first and help you to grow into the job. And you need to do that in a male-dominated company, I wouldn’t know how to use my so-called feminine side.

“This is a job that needs skill and experience in executive management to lead and build our team, operations ranging from engineering to marketing, financial management to control costs and produce profit, and external relationships with government and unions.

“ I try to make the terminal more cost-effective.”

Gloria arrived in 2005 at Asia Container Terminals as operations and engineering director responsible for start-up and establishment of the entire terminal. At the beginning of 2008 she became chief operating officer, reduced capex expenditure by 32 per cent for a total saving of US$1 million, and the company won the Best Container Terminal in Asia Award.

A year later she was appointed ceo. As a student at Hong Kong Polytechnic University Gloria graduated BA (Hons) in business studies then as an MSc with a distinction in international shipping and transport logistics winning three scholarships and important prizes along the way.

“I studied part-time for five years to get my MSc,” she says, “and that gave me insights on my aspirations and helped build my confidence and competence. It also developed my critical and analytical thinking vital to business decisions and professional judgment.

“Balance is my philosophy and it enabled me to study and have a busy job at the same time. Every year I set personal objectives and made plans.”

Gloria began her shipping career in 1994 as a management trainee with Hong Kong International Terminals, the largest container terminal operator in Hong Kong and flagship subsidiary of Hutchison Port Holdings, the port operations group of Hutchison Whampoa.

From there she worked her way up a ladder of assignments in control and planning, customer service, and yard planning until June 2000 when she was appointed duty manager in Hong Kong with responsibility for daily operations. That led quickly to her appointment as terminal service manager.

“Then I felt that I needed to develop myself,” she recalls, “so I left HIT in 2001 to work for Nokia. That gave me global exposure to customers, factories, international distribution.”

Once again it was a climb through the ranks acquiring experience and knowledge at every stage. The first three years were spent in Hong Kong as a logistics service manager in the Asia Pacific region. Then came postings to Dongguan, in China, and Singapore leading logistics project development and implementation in Nokia’s Asia Pacific demand supply network.

By then it was 2005 and time to move again. This time to ACT and a whole new career.

“I chose the shipping industry,” she says, “because in any part of the world, the port and logistics industry plays a crucial role in its economy. As a young graduate I dreamed of contributing to and growing with my community. Time is running fast but my passion has never faded.

“A career path is not always smooth nor all that happy but I learnt from that, learnt to be mature and I’ve always tried to deliver solid revenue growth and profitability.”

Gloria’s come a long way now from her typhoon lashing days. It’s an interesting mental picture – a determined young woman touring the yard under lowering skies in a rising wind doing what has to be done to win the corner office many years ahead.

Every bit as glamorous and envious as the pampered WAGS in their silks and jewels, just a different dimension.
Connecting Queensland trade to the World

The closest major container port to Australia’s largest export market, the Port of Brisbane is up to five sailing days closer to Asia than Australia’s southern ports.

With international trade worth over $50 billion annually, the Port of Brisbane is one of Australia’s fastest growing and most diverse multi-cargo ports, with world-class cargo handling and warehousing facilities for containers, motor vehicles, and bulk and general cargo.

Free from urban encroachment and with ongoing investment in infrastructure, the Port of Brisbane, situated on more than 1,800 hectares of land, has room to grow.

With 7,200 meters of quay line accommodating 29 operating berths, and direct connectivity to national road and rail networks, the Port of Brisbane can provide tailored logistics solutions to meet all your cargo needs.

To find out how the Port of Brisbane can provide your business with opportunities to grow, visit www.portbris.com.au or contact Andrew Brinkworth, Trade Development Manager, on +61 7 3258 4888 or andrew.brinkworth@portbris.com.au.
Nature of the threat is what drives our policy settings

By PAUL RETTER, executive director, Office of Transport Security

The Australian Government has well established preventative security frameworks in place across the maritime and aviation sectors. Underpinned by legislation, both frameworks require Government agencies to work closely with industry participants to deliver transport systems that are more secure against the threat of terrorism and other unlawful acts. In Australia, industry participants are responsible for the delivery of preventive security measures which have been approved by the Office of Transport Security (OTS). This represents a shared responsibility for the security of our transport sector and is also compliant with Australia’s international obligations. With the framework bedded down, now is a good time to reflect on the fundamentals, and potential future enhancements.

Transport Security Policy Settings

Australia’s transport security framework is continuously being adjusted to reflect agreed national transport security policy settings. In turn, these policy settings are shaped by a number of factors, some of which we have some ability to influence and others we have little or no control over. The maritime security framework has evolved over the past eight years, but (fortunately) to date industry has not had to respond to a volatile security environment in Australia. Nevertheless, it is important that the maritime sector has an appreciation of what could cause change to the maritime security framework.

Firstly, policy settings are driven by the nature of threat as assessed by Australia’s security intelligence organisations, drawing on events in Australia and abroad. Any change in the threat will necessitate a review of policy settings to ensure that they remain appropriate. One only needs to look at past international terrorist events or plots – and our response to these – to see how incidents can quickly drive changes to policy settings, particularly in the aviation sector. Most of the time, this means checking that current measures are adequate rather than an elevation of the security level.

The second factor which affects the national policy settings are our international obligations, particularly compliance with the International Ship and Port Facility Security (ISPS) Code. Any changes to these international obligations would likely result in a review of our national policy settings. For this reason, the OTS continues to engage closely with the International Maritime Organization and our overseas partners to shape the international maritime security agenda.

Broader national interests and the Australian Government’s international posture may also play an indirect role. For example, policy decisions in the areas of trade, defence, international relations, border security and tourism can all influence or affect our maritime security policy settings.

Last but not least, and particularly in a lower threat environment, industry’s capacity to comply and the impact on the efficiency of the maritime sector are significant considerations when reviewing maritime security policy settings. Finding the right balance is vital given the value of the maritime sector to the Australian economy.

The Department’s challenge is to fulfil the security expectations of the travelling public and exporters/ importers, without hindering the efficient flow of goods and people. To strike this balance, it is critical that industry participants are engaged in the policy development process so that policy settings can take into account the operational realities of industry. The spectrum of industries involved in the maritime sector - from large capital city ports and cruise ships, passenger and vehicle ferries, through to remote bulk ports and offshore oil and gas facilities – means there may be a range of interests (operational realities) to consider, and a range of regulatory options.

Maritime Industry Guidance Materials

The formal aspects of the framework - legislation, regulations and other legal instruments – are critical for providing Government with the tools to require fundamental security practices of industry, and to exercise further control where the threat environment has elevated. In accordance with our regulatory philosophy, the ‘tools’ are designed to encourage compliance. In many cases the precise nature of the preventive security measures to be put in place is not prescribed by law.
Rather the legislation requires that a certain security outcome be achieved and leaves the details about security measures to the industry participant. The OTS provides a range of guidance materials, from the Maritime Risk Context Statement (RCS), to security planning and policy guidance materials to guide industry’s identification of risks and therefore mitigations that require action.

The Maritime RCS uses the current strategic intelligence picture to set the national maritime security context for preventative security planning. The purpose of the Maritime RCS is to provide sector specific general threat information for the maritime industry to consider when identifying operational, physical and local environmental factors that contribute to their individual security risk assessment. The Maritime RCS aims to provide industry participants with information on the nature of the threat posed by terrorists, terrorist objectives and capabilities, and the likely targets of potential attacks. It has also been expanded to include an overview of the most likely risk events, the risks from trusted insiders, and the risk of unlawful interference by issues motivated groups within the maritime environment. A revised Maritime RCS will be released in late 2012. This new iteration has been informed by the outcomes of a feedback project to determine how products could be improved. As such, the Maritime RCS has been redesigned and segmented to allow industry to focus on the information most relevant to their type of operation.

Security Management Systems

One of the OTS’ priorities this year is to develop a potential model of how we might regulate transport security in the coming decades. The maritime and offshore oil and gas sectors continue to expand at a significant rate, while at the same time there is growing fiscal pressure on many Government agencies and industry participants.

The OTS is looking closely at the feasibility of adopting a regulatory approach similar to that of our colleagues in the Australian Maritime Safety Authority, the Civil Aviation Safety Authority and the National Offshore Petroleum Safety and Environmental Management Authority. This could involve changing the way we regulate by allowing larger industry participants that have integrated management systems to elect to formally adopt a Security Management System (SeMS). If such an application were approved, this would potentially allow an industry participant to manage security related risks without the same level of oversight from the OTS as is currently the case. How this would work in the context of compliance with the International Ship and Port Facility Security Code is being investigated.

A SeMS approach might include relying on external third party audits of an industry participant’s security management system, rather than the OTS undertaking this activity. It is possible that these third party audits would be supplemented by the OTS conducting covert ‘systems-testing’ rather than the more traditional compliance related inspections.

The OTS has been undertaking a range of covert systems tests in the aviation sector for the last two years. These have primarily focused on the effectiveness of access control and passenger screening outcomes. Adoption of a SeMS approach would potentially allow industry participants to have greater flexibility and ownership of their specific preventive security measures. A SeMS regime would also allow the OTS to focus on testing whether security outcomes are being achieved rather than simply auditing the systems for compliance.

It is anticipated that a series of policy options regarding SeMS for the aviation, maritime and offshore oil and gas sectors will be developed and considered by the OTS during 2013. We will consult with industry as part of this process.

Maritime Security Incident Reporting

Incident reporting is a vital information gathering tool which helps provide a broad and balanced understanding of the security environment. The Department’s voluntary reporting scheme supports the steps the OTS is taking to improve the analysis of immediate and long term security events and trends. As such, the focus of the reporting scheme is not compliance, but on facilitating a continuous sharing of information. Critical to this is staff awareness and access to reporting arrangements.

Incidents that may appear insignificant could be a small part of a larger, more serious pattern of behaviour. The more reporting from industry, the better the analysis - and ultimately the better the security outcomes.

Demonstrating our commitment to providing timely information to industry, the OTS has developed an immediate industry participant notification product. The product is fact based, uses de identified information and is dispatched within 24 hours of the resolution of the incident. The OTS hopes that the new notification system will encourage voluntary reporting from more industry participants, as this will increase the value of the new system and provide a better intelligence picture.

Outlook for 2013

Policy settings aside, the relationship between the risk context statements, threat assessments, and security planning is fundamental to the effectiveness of the maritime security framework. In 2013, the OTS is looking to make the preventive security framework more flexible and applicable to industry participants. As always, the OTS will rely on extensive consultation with industry participants in order to develop effective and efficient policy. Similarly, I encourage industry participants to be involved in the voluntary reporting scheme – the results will benefit all industry participants, as well as the OTS as a regulator. Reporting is a key aspect of a strong security culture. An effective security culture focussed on detection and resolution of suspicious activity coupled with good basic preventive security measures is the key to our future success. I look forward to working with you throughout 2013 as we further refine our policy settings and our approach to security regulation."
DAFF raises the bar in new plant export inspection model

By RACHEL HAYES and STEPHANIE STREATHFELD, Plant Export Operations – DAFF

Across Australia hundreds of people from industry and the Department of Agriculture, Fisheries and Forestry (DAFF) are leading the way for Australia’s plant export industries. These people are candidates who are training to become Plant Export Authorised Officers.

Australia’s plant export legislation enforces a three stage system to prevent contaminations and disease caused by harmful pests being harboured in plant products. Using a three tick process, assessments and inspections are conducted at all points along the export pathway before any export certification is issued. This process includes inspections and assessments of registered establishments, transport units and products. Once the process is met, DAFF can issue an export permit or other required certification. This maintains Australia’s positive relationships with importing countries.

The Authorised Officer (AO) Model is just one way that DAFF meets this three tick process and provides a high standard of export inspection and certification services. The model involves a training and assessment framework that applies nationwide to all Authorised Officers regardless of their employment status.

Once training and assessment is completed, an Authorised Officer will inspect all plants and plant products that are exported from Australia, ensuring that the products meet Australia’s and overseas trading partner’s requirements. An Authorised Officer can be industry employed, DAFF employed or self employed. Authorised Officers can then be engaged by industry to conduct inspection tasks in export registered establishments, ensuring that every consignment that leaves Australia is export compliant and meets domestic legislative and importing country requirements.

Training candidates to become Authorised Officers is comprehensive and includes online eLearning modules, on-the-job training, their own learning and a competency based assessment. The candidates are provided with the Plant Export Operations Manual, Work Instructions and Candidate Advices as tools for their journey as an Authorised Officer. The wide variety of tools allows candidates to learn at their own pace and supports their different learning styles.

The Authorised Officer model gives industry greater flexibility in getting their plants and plant products inspected and compliant for export. This is because Authorised Officers can inspect products for export outside of the traditional end-point location and at times outside standard business hours. This can reduce time delays and inspection fees for industry but still ensures industry complies with Australian export certification requirements.

To help industry get their staff accredited as Authorised Officers, DAFF continues to fund and coordinate regular training and assessment programs across Australia. The training programs attract industry representatives from around the country and add practical knowledge to the key principles learnt through eLearning. The eLearning and training sessions provide the building blocks for candidates to drive their own learning in preparation for assessment and appointment as an Authorised Officer. The assessment programs involve independent assessments for each candidate where they are required to demonstrate the knowledge, skills and attitude required to conduct plant export inspections. Once a candidate has been deemed competent during an assessment, they will be deeded and appointed to conduct plant export inspections. An appointed Authorised Officer can only inspect products they have been appointed to inspect.

When undertaking inspection duties, Authorised Officers are regarded as Australian Government Officials. All Authorised Officers are subject to rigorous verification and audit to maintain the integrity and reputation of our export industry.

One of the roles an Authorised Officer can undertake is the inspection of the empty holds of bulk vessels, prior to loading with grain or other prescribed goods. This is necessary for goods that are not contained in packaging or containers, but are loaded directly onto the vessel. The inspection process ensures the hold is free from anything that might cause contamination or infestation.

DAFF is currently updating the instructional material for empty hold inspections. Instructional material is used to assist all Authorised Officers in performing their duties in conjunction with their training. In this case, the instructional material includes a volume in the Plant Export Operations Manual, as well as a short and succinct Work
Instruction. DAFF is also planning to provide recommendations on heights safety and first aid training programs to support Authorised Officers.

Updating the empty hold inspection instructional material involves incorporating legislative changes with current processes to produce easy-to-use and up-to-date material. Please note that at present, there are no changes being made to the inspection of the goods themselves, and that these changes refer only to the inspection of the hold and associated structures on the ship.

Key points of the updating process include:

- Modifying the current instructional material to ensure that it will meet the needs of all Authorised Officers. DAFF staff are working to ensure that the new material will provide instruction for all aspects of the bulk vessel inspection process, to guide inspecting Authorised Officers of all backgrounds. The use of plain English, common shipping terms, and the avoidance of jargon will also assist in this endeavour.

- Reviewing safety protocols in accordance with consultant reports and the new national Workplace Health and Safety laws 2012. The instructional material will be updated accordingly to accommodate Authorised Officers that are industry and self-employed, as well as DAFF-employed Authorised Officers.

- Removal of outdated inspection protocols, to ensure that Authorised Officers have up to date information and procedures, and that the instructional material is not overly lengthy.

- A shift from restrictive protocols to those that are outcome focused, to allow Authorised Officers more flexibility in the inspection process.

- Ensuring consistency with new forms and related instructional material, to allow more cohesive support for Authorised Officers.

Work on the bulk vessel inspection instructional material has been ongoing. Throughout the process, DAFF staff has kept in contact with regional and industry representatives to ensure that their needs are considered. For example, in September and October, DAFF staff consulted with representatives from the Australian Maritime Safety Authority to help identify and research the issues of safety and heights training with regard to bulk vessel hold inspections. Program staff worked with regional staff to identify all the different types of forms and paperwork required for bulk vessel inspections.

In October 2012, DAFF staff travelled to Adelaide where they were able to meet with regional staff and industry representatives. During this visit, DAFF visited a bulk vessel at the port and spoke with the ship’s crew and cleaners. DAFF also discussed the inspection process with private marine surveyors, who provided unique insights on training, the relationship between marine surveyors and Authorised Officers inspecting a hold, and possible outcomes of the Authorised Officer program on marine surveyors. DAFF was pleased to note that marine surveyors valued good relationships with Authorised Officers. This emphasised the importance of teamwork across different professions. Marine surveyors also raised the issue of crew health and safety during inspection. DAFF valued this information and is taking it into account while updating the instructional material.

DAFF is making progress on the instructional material and expects to finalise draft versions by the end of this year (2012). The Authorised Officer Program continues to be implemented across Australia. For more information, or to access the existing instructional material, please visit the ‘plants and plant products’ section of the DAFF website at: www.daff.gov.au

*Loading grain in Newcastle*
The robust trade growth will need to be addressed by the Australian ports community into the foreseeable future, in both our container and bulk trades. A series of costly industrial stoppages at our ports over the last 12 months, has enlivened the discussion on port productivity.

The word productivity is used in all sorts of contexts by many commentators to the point sometimes far removed from its actual meaning which is, put simply, to secure more output with a finite set of inputs. For ports therefore it means facilitating the throughput of greater amounts of freight with the existing assets and infrastructure we have at our disposal.

From a competition perspective the game is surely about our cost structures comparative to other countries who compete in our markets. That is, into the foreseeable future, will Australia, a country whose transport costs form a high proportion of total product cost, be able to land its exports and imports at a cost cheaper than its international competition.

The National Ports Strategy envisages driving higher productivity in our landside freight handling arrangements, or put another way, securing greater port-related supply chain efficiency, through a wide range of measures. These include importantly improved application of smart technology to freight management such that freight might move more quickly through the supply chain, and the provision of information about freight location and movement speeded up and improved.

It also includes bold steps to provide more freight dedicated infrastructure, and to more effectively manage and price our existing infrastructure, including access roads, and including the

**By DAVID ANDERSON, ceo, Ports Australia**
political no go zone of sending appropriate price signals to private motorists, so that our freight infrastructure is utilised more efficiently. Such measures have added the advantage of reducing unnecessary truck trips and double handling and along the way contributing to efforts to reduce emissions and congestion.

Port productivity is also a function, naturally enough, of the state of workplace relations and labour practices. For those who operate and use Australian ports, concern about the industrial relations environment is at a higher temperature than it has been for decades. At the root of this concern is a refusal to table productivity trade-offs in return for improved wages and conditions and a propensity to opt for disruptive and costly industrial stoppages. Typically, a log of claims will entail substantial increases in remuneration and superannuation entitlements, the reclassification of jobs into higher wage brackets, reinstatement of allowances previously folded into broad-based remuneration arrangements, and re-arrangements of shifts (days on and days off) which has a substantial negative impact on productivity.

While this state of affairs is as much to do about monopoly power held by certain sectors of labour, tightness in parts of the labour market and other factors, as much as considerations attached to the Fair Work Act (FWA), the latter has facilitated a wide range of admissible matters that can now be placed on the bargaining table which historically and legitimately have been the province of the enterprise management. The FWA has also diverted the enterprise bargaining process away from establishing a mutually beneficial relationship between employer and employee to unions asserting a right to regulate industries in accordance with their set of standards.

We can further point to a time in the mid 1980s when the Hawke Government introduced tranches of waterfront and shipping reform and the union leadership, tough bargainers though they were, had the long term viability of these industries very much in mind and brought that culture to the bargaining table. This has been replaced by a “grab for cash” mentality, particularly in the West, and a demand that job security be regulated rather than secured through maintaining a competitive edge through increasing productivity.

The 14th Annual Container Stevedoring Monitoring Report recent released by the ACCC notes that following a decade of improving performance in 2011-12 industrial disputes, including strike action and reported ‘go-slow’ strategies, disrupted stevedoring performance. If this sort of disruption were to continue, it could undermine expected future gains from greater capacity and competition.

2011-12 also coincided with significantly higher labour costs, which increased by 7.5%, the highest annual percentage rise in the history of the ACCC’s monitoring program.

Our recent industrial relations history, notably under the Keating and Reith (prior to Work Choices) models, has demonstrated that when labour productivity underwent strong growth so did real wages. This leads to good outcomes including ongoing viability of our industries and future job growth. The tactic by the unions to push productivity off the table is accordingly difficult to fathom if there is any concern on their part at all for future jobs in their own and port reliant industries, some of which are already doing it tough because of the high Australian dollar.

The Federal Government has essentially excised labour productivity from its vocabulary preferring to burn management as the culprit in the declining productivity story and curiously to associating increased national productivity with skills development and its infrastructure spend which is considerable. In some respects it is quite alarming that a cost plus mentality inspired by the resources boom will lead us into a situation that when that boom goes soft Australia, a highly trade exposed

Swanson and Victoria Docks Melbourne
rates between Australia, UK, USA and New Zealand reveals the following:

These findings indicate that Australian stevedoring salaries are substantially higher than comparable countries. Some of this increase can be attributed to the recent strengthening in the Australian dollar, but the same analysis using 2005 exchange rates also shows a notable gap between Australia and its competitors.

Data from World Salaries presented in the figure below indicate that Australian Transportation-Communication salaries were also high both in absolute and purchasing power parity terms in 2005. While these salaries are not specific to stevedores or ports employees, it further substantiates Australia’s relatively high salaries.

High Australian salaries would not be a problem if they were accompanied by proportionally high productivity. However available analyses now informs us that the labour productivity increases secured in the last decade are being lost through real wage increases without productivity tradeoffs and a campaign of industrial disputation.

The results of the current labour productivity story will not really pan out for a couple more years but when it does we will see a significant impact on the future competitiveness of our ports and importantly on those client industries of ports who will be returning to a much more fiercely price competitive world economy than is currently being experienced.
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International Oil Spill Prevention & Preparedness Conference

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For information on participating in Spillcon 2013 as a delegate, exhibitor or sponsor, please visit www.spillcon.com.
The shipping industry is on the cusp of change with rising fuel costs, regulations and the price on carbon driving the industry to make drastic changes in the way cargo ships operate. Hundreds of thousands of dollars could potentially be saved by companies running bulkers across the various shipping routes of the world.

There is immense energy in the oceans which can be harvested and used by ships. Solar Sailor are well known for their ferries around Australia, Hong Kong and China where they have established and proven the concept of their patented technology “SolarSails TM”.

Insects evolved wings initially as solar collectors then used them to fly. So why not evolve wings on boats as solar collectors & use them to sail? We can utilize the same concept for shipping as it is essentially the same design.

Comprising a unique pivotally mounted airfoil and joint it is attached in such a way as to be able to angle to the sun and/or the wind to harness solar power and sail, folding away when not in use. Can be used singly sail or in multiples. Controlled by software that operates the sail automatically, it tracks the sun for optimal solar and the wind for optimal sail power. Depending on weather conditions, these two sources are used simultaneously or singularly.

SolarSailing is a revolutionary new way of quiet, free motor sailing is an exciting breakthrough for sailors. When both sun and wind are present together the sail has the ability to ‘motorsail’ or ‘solarsail’ – ie harness a positive feedback loop between true wind and relative wind increased using solar power.

This technology is not only grand in theory but it has been proven time and again over the past 12 years with ferries operating in Lake Macquarie, Hong Kong and Shanghai. It only makes logical sense to take this technology to

Shipping to go back in time with new age technology world.

This is an extract from a presentation given by DR ROBERT DANE, CEO of the Australian technology design firm Solar Sailor Holdings at an ICHCA luncheon in Sydney.
and wind on any shipping route on the globe. The program is capable of taking any route across the globe and using 22 years of NASA Cross-Calibrated Multi-Platform Ocean Wind data, it is able to provide an accurate historical mean of the energy savings by utilizing SolarSails TM

The model is dependant on certain assumptions that are made which include a typical ship engine fuel consumption of 170 g/KWh, bunker fuel price of US$720 per tonne, and not taking solar or stern power into account in the calculations.

For Example, the modeling of a panama vessel, 3000 square meters of sail is assumed and for a capsizesize, 4800 square meters of sail is assumed. These sails are also a revolutionary design which stows on to the platform of the ship when not in use.

Bulk shipping operators could potentially save approximately $150,000 to $240,000 in fuel costs on a panamax bulker on a Newcastle Shanghai trip. Trans-pacific journeys show greater fuel savings of upto $296,000 to $473,000 on a panama bulker on a Los Angeles to Shanghai trip.

The same voyages on a capsizesize vessel is shown to be even more economical by saving up to $385,000 on a Newcastle-Shanghai trip and up to $757,000 on a Los Angeles – Shanghai trip with fuel savings of up to 500 – 600 tonnes.

Wind assisted ships are definitely the future and Solar Sailor’s technology is at the forefront in leading the industry to adopt this technology.

Solar sailor’s solution is to have rigid wing sails that open up from a tiny wing into a much larger wing effectively doubling or quadrupling that area and then have the masts fold down onto the deck of the vessel where it sits flush with the openings of the cargo hulls which makes it an ideal solution as it’s easily retrofitted and does not pose any significant difficulties to cargo handling equipment. The wings and adjoining structures are inherently designed to have a factor of safety of 3 and 4 that makes it very safe for operations in the marine environment.

All the equipment where it sits flush with the opening of the cargo holds makes it an ideal solution as it’s easily retrofitted and does not pose any significant difficulties to cargo handling equipment. The wings and adjoining structures are inherently designed to have a factor of safety of 3 and 4 that makes it very safe for operations in the marine environment. As all the equipment stows away neatly and effortlessly with minimal or next to no hull penetrations, the design has seen significant progress since feedback received from the ICHCA presentation made in Sydney.

I am excited with the findings from the recently completed feasibility study and designs that have been generated thanks to my firm pushing the limits of engineering and design and fueling our passion for environmental care.

The economical benefits for operators of bulk ships are obvious, as they need to buy far less amount of fuel by installing a system that does not change any part of the existing ship design. There are additional positive human health and ecological benefits to using this technology.
January 2013 will see the launch of a new chapter in passenger shipping when Viking Line’s newbuilding cruise ferry Viking Grace will make its maiden voyage on the Turku – Mariehamn - Stockholm route burning liquefied natural gas (LNG) and setting several firsts while raising comfort and environmental standards too.

Viking Line is a Finnish ferry company that operates routes from Finland to Sweden and Estonia. Based in the autonomous Åland archipelago between the first two neighbours, the company is proud of its long environmental policy – a heritage of Ålanders maritime involvement, who are sensitive to local natural needs. For example, Viking Line has voluntarily used 0.5 per cent sulphur fuel since 1990, long before restrictions on emissions became law in the Baltic and North Seas plus the English Channel in 2010 when a 1 per cent sulphur limit was introduced, which will lower to 0.1 per cent in 2015 from the current 1 per cent under the International Maritime Organisation’s Marpol Tier III.

Options to cut sulphur and nitrogen oxide along with particulate emissions are low-S fuel, installing scrubbers or burning liquefied natural gas – a fuel which easily meets all current and future limits. With an eye on the new regulations, current fuel price, its upward trend and his own background of 14 years at Royal Caribbean Cruise Lines, it should have been expected that new chief executive officer, Mikael Backman, would choose to make his mark quickly.

“Viking Line strongly believes LNG is the way to go and so do I. As fuel prices continue to rise, LNG has a better long-term supply future. In 2015, the comparison is with marine gas oil (not heavy fuel oil) and then there is a clear advantageous difference,” Backman foresees.
**Engines: a ship’s beating heart**

Bearing these requirements in mind, compatriot Wärtsilä was chosen by shipbuilder and designer STX Finland to supply four 8L50 DualFuel main engines, LNG storage tanks and supply systems, Compact Silencer System plus safety and automation systems.

Additionally, Wärtsilä delivered the bow and stern thrusters, propeller shaft lines and two five-bladed stainless steel built-up fixed pitch propellers. The end result will be the first gas-electric propelled ship (similar to the diesel-electric set-up favoured by cruise shipping since the advent of azipods) that will make for a smooth ride. The built-up blades allow for easier (and thus faster and cheaper) replacement. Due to the severity of the winters in the Baltic, where last winter many ships were stuck in thick ice awaiting expensive rescue by ice breaker, the ship will have the highest ice classification 1A Super.

“Stainless steel was chosen for the propellers as we think this will perform better in ice and five blades, instead of the usual four, will result in less vibrations due to lower pressure impulses, less noise on the vessel and through the water giving greater comfort aboard,” explains Toni Öhman, Head of Marine Operations, Viking Line, “Plus the newly-designed shaft seals will prevent oil leakage into the sea.”

“There will be no more vibrations or noise emanating from the engine room,” says Backman, “though passengers may only notice the lack of clinking glass that happens on other vessels.”

Viking Grace will conform to the latest SOLAS (safety of life at sea) regulations such as Safe Return to Port with two dedicated engine rooms containing two main engines each. All four can produce altogether 30,400kW at 500rpm to reach a swift service speed of 23 knots (21.8 knots at 85 per cent MSP). The hydrodynamically optimised hull will leave the smallest wake possible cutting energy usage simultaneously. Plus the ship is built in compliance with the 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.

To ensure that every iota of efficiency is extracted out of its investment, Viking Line chose ABB’s EMMA energy management software system which as Kari Granberg, Viking Line’s Project Manager describes “We were looking for a good monitoring tool that automatically regulated power consumption and was as easy to operate as a traffic light - as a result ABB’s EMMA became our first choice.”

Similarly, kitchens will employ a Gallery Energy Management system to cut usage 20 per cent compared with conventional equipment. The LNG will be gasfied using heat from the engine cooling water and air conditioning, cutting CO2 emissions for the cooling machinery. Engine exhaust gases will fuel a boiler for heating and hot water in winter months. Stored hot water is the heating source when the ship is in harbour – meaning only one hour in Turku and Stockholm as like other vessels on the route, it makes a return voyage every 24 hours. Engine cooling water heat will be used to produce freshwater from sea water too. All glass is made of high insulation resistant material to save energy as this is the second-largest energy consumer after the ship’s machinery.

LNG is the centre of attention because Viking Grace is by far the world’s largest passenger ship to use it, which was developed for LNG tankers because up to 5 per cent evaporated (‘boil off’ in industry jargon) during a voyage which engineers realised could be burnt instead and led to the dual fuel engine concept. Sulphur oxide (SOx) and particulate emissions are practically zero while nitrogen oxide (NOx) emitted is slashed by 85 per cent with other greenhouse gases (GHG) cut 15 per cent. Carbon dioxide from the funnel will fall 20-30 per cent compared with oil. Cosmetic advantages are its colourless and odourless characteristics. More practically, should a leak occur, LNG merely gasifies and evaporates into the air as it is lighter. Since the LNG is under low pressure and
the pipes are double-mantled, this is unlikely but should it do so, a detection system orders immediate shutdown.

However, LNG does require careful storage and handling due to its volatile nature; it is kept at -162 degrees celsius at 1.5-5 bars in two 200 cubic metre low-pressure tanks located astern above the entry-exit ducttail and away from passenger areas. This is because LNG is 600 times smaller by volume than natural gas. The problem of supply was timely solved when Ports of Stockholm’s Nynäshamn LNG terminal was completed in June 2011 by Sweden’s AGA, part of Linde Group, the leading supplier of cryogenic equipment. AGA will refuel Viking Grace by bunker barge 5-6 times a week.

“Although the DF engines can burn fuels from LNG to heavy fuel oil including marine fuel oil (MFO) and marine gas oil (MGO), we have no intention of using them as the LNG equipment we have bought is so expensive it must be used,” explained Toni Öhman.

Introducing new technology needs new crew expertise for the 200 complement in the fields of marine lifesaving equipment and evacuation who will receive instruction at the Åland Maritime Safety Center. Deck officers are to undergo state-of-the-art bridge simulator training at Turku’s Aboa Mare institute. There senior Captain Henrik Grönvik and his colleagues can practice manoeuvres and navigating in the narrow channels typical of the Finnish archipelagos and Stockholm fjord.

“Even though most of our personnel are certified for the new vessel’s technology, we want crew members to practice vessel safety operations in advance,” commented Öhman.

**The bottom line**

Costing €240m, Viking Grace’s investment is nearly equivalent to half of Viking Line’s €500m annual revenue even when offset by a planning grant of €5m to STX Finland and €28m to Viking Line from the government under the EU’s environmental subsidy rules. But due to fuel price pressures the company is losing money (1Q 2012 -€17.9m up from -€13.4m in 2011) which is probably why Viking Line did not exercise its option for a sister ship.

Viking Grace’s greater capacities and the revitalization effect a new vessel brings should show that green can turn red into black, but that remains to be seen. One thing is certain: both shipping company and shipyard are betting, praying and hoping that this is the future of passenger shipping and the maritime industry.

Thus far bookings have flooded in, but although 200,000 sounds a large number, one million is the target for 2013. Not only Viking Line’s CFO is watching, but the passenger shipping world will inspect the H1 figures closely next June.

**Viking Grace factfile:**

**Gross tonnage:** 57,000

**Length:** 218 metres **Beam:** 31.8 metres **Draft:** 6.8 metres

**Passengers:** 2,800

**Crew:** 200

**Freight capacity:** all vehicles

1,275 lane metres on Deck 3

Cars only: 550 lane metres on Deck 5 + 550 lane metres on hoistable Deck 4.

**Viking Line environmental policy briefly:**

0.5 per cent Sulphur content fuel since 1990 on all ships, which use 0.1 per cent S MGO if the vessel is in port for over two hours if there is no shore power connection as now for the two Helsinki-Stockholm ferries Gabriella and Mariella

Zero discharge policy which means all wastewater (black and grey) is pumped ashore for approved treatment with all solid waste separated for recycling or proper disposal e.g. used cooking oil is burnt in power stations

These processes and systems will be further developed for Viking Grace with less disposable usage or short lifecycle products.

For further information contact

Susanna Airola Viking Line Environmental Coordinator

+358 18 2700 or

susanna.airola@vikingline.com

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**Viking Grace’s stainless steel propellers cut through the ice like butter**
Welcome to the port waters of Geelong

Every ship that visits the Port of Geelong needs to know it can get in and out safely and efficiently.

The port handles more than 630 ships and about 13 Million tonnes of bulk cargo. The Victorian Regional Channels Authority has invested in marine logistics and control systems to ensure safe access for all ships.

The channel has high-visibility GPS controlled lights and beacons. The VRCA’s 24/7 marine traffic management system uses equipment such as automated ship identification (AIS), very high frequency radio (VHF), mobile telephony, satellite communications and state-of-the-art real-time tide and wind sensors, available online.

A Smart Dock system enhances the ability of even the biggest ships to berth safely in all weathers. The VRCA also commissions annual hydrographic surveys.

The VRCA welcomes ships visiting the Port of Geelong.
New shipping fairways established off the north-west

By MAHESH ALIMCHANDANI, head of navigation, AMSA

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MSA, the Australian Hydrographic Service and Western Australia’s Department of Transport have worked together to establish a network of Shipping Fairways off the north-west coast of Australia.

The new fairways aim to reduce the risk of collision between transiting ships and offshore infrastructure. They are intended to direct large ships, such as bulk carriers and LNG ships trading to the major ports, into pre-defined routes to keep them clear of existing and planned off-shore infrastructure. A collision in this area could potentially result in significant loss of life and environmental harm.

The new Shipping Fairways are similar to the existing Dampier Shipping Fairway, which was charted in 2007. It has proven to be successful in keeping shipping traffic away from off-shore infrastructure. Such separation is also effective in other parts of the world, particularly in the Gulf of Mexico.

Use of the new fairways is strongly recommended, but not mandatory. The International Regulations for Preventing Collisions at Sea 1972 apply to all vessels navigating within or outside the Shipping Fairways.

The use of these fairways does not give vessels any special right of way. AMSA encourages all ships trading on the NW Shelf, particularly traffic to/from Dampier, Port Hedland and Port Walcott, to use the new routes. The best way to do this is for ship agents and operators to get updated charts / new editions of the relevant Australian charts to their ships.

The Australian Hydrographic Service will produce updated charts / new editions for the area as per the table below:

Note that the UK Hydrographic Office will reproduce the Australian charts and make these available to chart agents world-wide. However, it will be some months before these charts are available at chart agents in the Far East and elsewhere.

AMSA Marine Notice 15/2012 advises of the introduction of the fairways. The notice can be found at:


Mahesh Alimchandani
Tel: 02 6279 5927 or mxa@amsa.gov.au. ▲

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<tr>
<td>10 September 2012</td>
<td>Charts AUS 325, 326, 327 and 745</td>
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<td>Charts AUS 328, 329, 4722, 4723 and 4725</td>
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Technology that underpins the ocean highways

JILLIAN CARSON-JACKSON, M. ED; MNI; FRIN, manager, Vessel Tracking and Pilotage Service, Australian Maritime Safety Authority

This article is based on a presentation to NATSHIP 2012

Australia is home to a unique and varied aquatic environment. For example, the Torres Strait and Great Barrier Reef boast over 350 species of hard coral; one third of the world’s soft corals; some 1500 species of fish; the world’s largest population of dugongs; and six of the world’s seven species of marine turtles. This is, indeed, a unique area of natural beauty and historical significance.

This is also a significant area of contribution to the lifeblood of Australia – the movement of goods by vessels. Within the Torres Strait and the Great Barrier Reef there were 1089 voyages of vessels 50-metres or more in length registered by the Great Barrier Reef and Torres Strait Vessel Traffic Service (REEFVTS) system in 2011-12. Future growth is also expected. The goal is to protect the area while enabling Australia’s continued economic development.

A number of measures have already been put in place in Australia, making best use of technology to monitor and ‘manage’ the waterways. These include the use of terrestrial and satellite AIS (automatic identification system) to track vessels, implementing electronic ‘corridors’ in the REEFVTS area, and the use of decision support tools to assist VTS Operators in their duties.

In addition to what is already in place, there is an opportunity to look at what might be available in the future. There are significant developments in vessel traffic management, including the opportunity to benefit from some research and development projects including the EU projects MarNIS (Maritime Navigation and Information Services); EfficienSea – with a focus on safe, efficient and sustainable traffic at sea; and the current project MONALISA – developing motorways of the sea.

The increasing ability to monitor and track vessels within the Australian Search and Rescue Region, including the use of terrestrial and satellite AIS, has enabled AMSA to update the Australian Reporting (AUSREP) system. AUSREP was designed to contribute to the safety of life at sea and is operated by the AMSA through the Rescue Coordination Centre (RCC Australia) in Canberra. AUSREP is now in transition to a modernised Australian ship tracking and reporting system (MASTREP). Marine notice 10/2012 (which can be accessed from www.amsa.gov.au) provides the details on the transition. The basic premise of the initial phase is that the requirement for vessels
to provide position updates for AUSREP is a thing of the past. These position updates can be automated through the data received via AIS. This information can also be used to better identify ships of opportunity which may be able to assist in the prosecution of a SAR incident.

REEFVTS is a coastal vessel traffic service system that is jointly managed by AMSA and Maritime Safety Queensland (MSQ). Just like MASTREP, REEFVTS uses AIS to track and monitor the passage of vessels. In addition, REEFVTS makes use of satellite tracking capabilities, such as the Automatic Position Reporting (APR) feature of Inmarsat C. This can provide back-up monitoring capability should AIS not be available. At key points along the Great Barrier Reef, radar is also available. As a digital radar feed is also available in certain locations, radar can also be used with the AIS to ensure the identity of a target is verified.

**REEFVTS uses a monitoring system that includes decision support tools specifically designed for the area.**

Through a workshop process with the pilots and navigation experts, REEFVTS has implemented an ‘electronic corridor’ system that will highlight to a VTS operator (VTSO) if a vessel fails to alter course as expected or appears to be on a course that takes the vessel out of the expected route corridor. In addition, there are a number of critical ‘turn’ points that can alert the VTSO if a course alteration is not made as expected.

The system includes parameters that will initiate an alert or an alarm if something isn’t going according to plan – the VTSO then has standard operating procedures to follow to determine the next step. If required, the VTSO contacts the vessel to advise of the information that is being presented and ascertain the vessel’s intentions.

**But what might the future hold?**

In Europe there have been a number of projects looking at what might be possible in vessel tracking and route monitoring and planning.

The Maritime Navigation and Information Services project ran from 2004 to 2008. The focus of the project was a more proactive approach to the management of vessel traffic in European waters, building on the existing technology developments of Vessel Traffic Services and the Automatic Identification System. The framework was a one-stop-shop for vessel tracking and monitoring, promoted as part of the (then) concept of E-Maritime.

The core concept of MarNIS was to assist the vessel master in communicating with ports and authorities in a seamless manner (one-stop-shop concept), manage coastal vessel traffic to avoid congestion, provide fuel savings and port efficiency, and enhance SAR authorities’ capabilities, including anti-pollution measures and tracking and monitoring of vessels throughout the European Union coastal regions.

From the MarNIS project a number of systems are now in place in Europe – including SafeSeaNet which is a European Union sharing of vessel tracking data (including AIS). The data is held in an electronic database at the European Maritime Safety Authority (EMSA) offices in Lisbon and distributed to stakeholders through a National Single Window concept.

Information on MarNIS can be found at www.transport-research.info/web/projects and then type ‘MarNIS’ in the database search engine.

**To promote and enable efficient, safe and sustainable traffic at sea, the EfficienSea project kicked off in 2009 and is now coming to a close.**

The work packages encompassed competency and recruitment challenges, e-navigation, vessel traffic data and maritime planning and dynamic risk management. The overall aim of the project is to improve maritime safety in the Baltic Sea regions through concise and coordinated action.

Although focused on the Baltic Sea region, this project has had practical outcomes that can be implemented in other areas. For example, the project focused on developing open source tools for
use, such as an AIS planning tool that can be used to ensure that an AIS shore station transmits effectively without interfering with another AIS shore station (AIS slot mapping); a GIS tool (maps. efficiensea.org); and a number of e-navigation test beds.

The outputs from the project are many and varied, and can be accessed from the website www. efficiensea.org.

MONALISA is the most recent project, developing motorways of the sea. Building on the work done in EfficiSea, MONALISA commenced in 2010 and is scheduled to complete in December 2013. There are four key activities in MONALISA – dynamic and proactive route planning; electronic verification of officer’s certificates; ensuring the quality of hydrographic data on shipping routes and areas; and global sharing of maritime data.

One of the best ways to learn about the MONALISA project is to view the video on Youtube go to www.youtube.com and search for ‘MONALISA motorways of the sea project’.

With MONALISA entering the final year, the project is already working on the scope for MONALISA 2.0. This project will look at extended test-beds for dynamic and proactive route planning; improved information management (taking some of the aviation concepts for efficient handling of information connected with flights and looking at how this might be implemented in the maritime environment); and a range of activities geared to address human factors and safety of shipping. MONALISA 2.0 is expected to begin in late 2012 and run until 2014.

Information on MONALISA and MONALISA 2.0 can be found at www.sjofartsverket.se/en/ MonaLisa/

All of these developments require good communications links – ship to ship, ship to shore, and shore to ship.

The AIS uses two frequencies – AIS 1 and AIS 2 – for information transfer through a very stable modulation process that enables data to transfer at 9.6 kb/s per channel. At the recent International Telecommunication Union World Radiocommunication Conference 2012 (WRC-2012) the maritime sector received access, on a trial basis, to a significant amount of spectrum. This includes a block of six contiguous frequencies in the VHF range. As the frequencies are next to each other, there is an opportunity to trial a grouping of frequencies – for example, putting four contiguous frequencies together into one block could enable 4 times the amount of spectrum for transferring data – 4 x 9.6 kb/s if the current modulation approach is kept. In addition, there is an opportunity to use different modulation approaches that could see data transfer at four times the speed. In essence, WRC-2012 paved the way to trial maritime ‘broad band' VHF for digital data communications.

Developments in this area will continue in the lead up to the next two World Radiocommunication Conferences – WRC-2015 and WRC-2018.

Technology has proven to be effective in achieving safer waterways and protecting the environment. As the maritime community collectively learns more about what the technology is capable of, there is the ability to develop these tools even further.

Projects such as MONALISA and MONALISA 2.0 are pushing the boundaries of technology surrounding fairways, and working to demonstrate the concepts of e-navigation – blurring the lines between ship and shore.

What does this mean for Australia?

By continuing to review and update the tools we use, we can learn from, or even participate in, these ground breaking projects and look to ensure effective measures are in place to manage shipping traffic, ensure safe transits and protect the natural beauty of our island nation.

* Jillian Carson-Jackson worked for 22 years as a Navigation Officer in the Canadian Coast Guard, holding positions both afloat and ashore. Following four years with the International Association of Marine Aids to Navigation and Lighthouse Authorities, Jillian moved to Australia in 2006 to work with AMSA, where she is now the manager of Vessel Traffic and Pilotage Services.
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Brazil and Australia are two great southern lands that are vast, diverse and for their founders, considered to be far, far way. And for many years out of sight meant (hopefully and maybe even by design) out of mind.

One land, Australia was settled as a gaol, a great public private sector partnership (PPP) but it really became three societies, the gaol, their gaolers and the dispossessed local indigenous populations.

Somehow, despite these humble beginnings and tensions, the society did get on thanks to great natural resources, wheat, wool and a gold rush or two, and eventually free settlers from the old world joined the gaol and the gaolers and over time outnumbered them.

‘The Tyranny of Distance’ was replaced by ‘The Power of Proximity’. As a result, today this land is now one of the most successful economies in the world, having survived an Asian financial crisis just over a decade ago, and the recent global financial crisis (GFC) with barely a scratch. The society is better integrated, more globally engaged, and in some ways more confident in its global outlook.

The other land Brazil wasn’t settled as a gaol in the same way, but under the burden of slavery. The other land is vast too but geographically very different. This land also had its issues with its indigenous people, it too relied on immigration for its human capital and it too has vast natural resources that the world wants. It too had issues with its neighbours but for the most part avoided conflict and according to local economists and historians this made it relatively parochial and mainly focussed on internal issues within its borders except for a quick trip next door for a tango lesson.

This land also had its economic issues to contend with the impacts being felt even as recently as a decade ago. For much of its recent economic history, it didn’t have double digit inflation and unemployment to contend with but it had much worse problems, with hyperinflation, labour market dislocation and mass poverty. Its financial system was not so much antiquated but dysfunctional, there were problems with exchange rates, interest rates and debt burdens and there were not just strikes but widespread social unrest impacting on its very democratic stability.

However this land also had a trade union leader, Lula. He hadn’t been to Oxford, but was from the poor north east of the country, had been gaol for his trade union activity and ran for president three times before being elected. He too reformed the country’s economy whilst maintaining strong social justice programmes (many of whom were started by his predecessor who was a well-known professor of sociology before coming to office). As result, this land is now also economically well positioned to deliver resources to the rest of the world to generate prosperity and raise living standards for its citizens. It seems a long time since its difficulties, especially those of the 1970s and 1980s.

Of course, these two lands, Australia and Brazil have their similarities but we still don’t know much about each other. From an Australian point of view when we thought of Brazil we mainly thought of sand, soccer and samba. We didn’t know much about Brazil although we all knew about Pele.

People’s perceptions of Brazil are changing. And it’s not surprising...
given Brazil's solid rate of economic growth (7.5 per cent in 2010, post-GFC, with a follow up of 4.5 per cent anticipated if inflation risks are contained), accommodating fiscal and monetary policy, impressive export growth (thanks to China) and importantly strong increases in education retention and reductions in absolute poverty. I was told by local Brazilian economists that over 33 million people have been lifted out of poverty and 49 million have managed to reach upper middle class and middle class status since my first visit.

Of course there are issues in Brazil. We can't ignore them as they need to be managed. There's fear of inflation, fear of bottlenecks in infrastructure (with the 2014 World Cup and 2016 Olympics coming up), education and productivity issues, and of course the challenges of climate change. Some of these issues we face in Australia, too but on a much smaller scale. But many offer great opportunities for Brazilian-Australian close collaboration.

Collaborators or Competitors?
Brazil and Australia, the two great southern commodity exporters were sometimes seen as natural competitors. But increasingly we are doing more things together.

For instance, in education. Brazil's growing middle class and its citizens who are being pulled out of poverty are hungry for education. Brazil's human capital needs are Australia's opportunity. Accordingly, our universities are doing more together particularly as many Brazilians now study in Australia. For Australia, Latin America now makes up just over 5 per cent of total enrolments, with Brazil ahead of the pack with just over 16,000 enrolments (followed by Colombia on 10,000, Peru on 2,200, Chile 1700 and Mexico 1500). And with Brazil leading the pack much vitality is added to our universities particularly in the schools of economics and business, the environment (e.g. marine biology), architecture and design which makes the typical Australian campus a much more attractive place to be nowadays.

In climate change, Australia's Senior Trade Commissioner in Sao Paulo, my fellow South Australian Greg Wallis has been heavily involved in investments in water and clean energy. Given Brazil's strong environmental credentials and Australia's capabilities, we can both put green back into the green and gold of both countries!

And last but by no means least, sport, culture and recreation, the World Cup-Rio Olympics double will be the opportunity of a life time for so many in Brazil and also here in Australia.

On this point let me finish off two myths once and for all.

Firstly, sport is not frivolous; it's a real business and increasingly a global one. Sydney had its moment with the Olympics in 2000, and many Australian companies got their break then. Austrade's own Business Club Australia generated $1.7 billion in trade and investment from sports networking between Sydney 2000 and Beijing 2008 alone. Brazil knows this too – that its 'country brand' will be on display in the lead up to 2014/2016 World Cup-Rio Olympics double – and they will be wanting to make the most of their time in the sun. (Something that I know Brazilians are very good at!). And from the Australian point of view, it's great news to see my mate Craig Foster, SBS Chief Football Analyst leading sports business missions to Brazil, following on from the great work that he and Les Murray did for Business Club Australia in South Africa at the FIFA World Cup in 2010. As everybody knows, Fozz is a passionate and dynamic individual and just the sort of person we need leading the charge in Brazil.

The second myth to bust is that if you like sport you can't like the arts and vice versa. And I have got to say this is one that applies to Australia and not to Brazil. I have always loved the way Brazilians are so proud of their unique musical, artistic and cultural traditions as much as they are of Pele and Garrincha, Socrates and Ronaldo. It makes Brazil unique, a country of culture and charisma, which can never be replicated or manufactured. Australian historian John Hirst famously said that with cultural integration in Australia, in 2030 or so, Australia will be a 'beautiful people.' Well on that score, I think Brazil has got there already.

So in conclusion, Brazil and Australia, the two great southern lands, despite taking very different journeys in the past, are growing together in the future. And as we approach 2014 – 2016, as the whole world goes nuts for Brazil, I am sure Australia will be on board all the way from Freo to Rio, and we'll play our part in the further success of this dynamic, charismatic and fun loving nation.

- Tim Harcourt is the first JW Nevile Fellow at the Australian School of Business, UNSW and author of The Airport Economist and The Airport Economist Goes to Rio. www.timharcourt.com

National Standards for Commercial Vessels NCGS regulations require all vessels above 12m in length to carry up to date, official charts. Be sure to carry charts from the Navy's Australian Hydrographic Service, the only producer of official Australian nautical charts. Navy AUSNC official electronic nautical charts are now available locally.

Enjoy seamless navigation plus the simplicity of automatic updates to your entire portfolio. For your local provider, visit www.hydro.gov.au. For international customers, Australian ENC are available through the ICGN's global distribution network, www.icgn.org.
Shipping Reform legislation: The big question...

By DANIELLA WILMSHURST and JESPER MARTENS, HWL Ebsworth Lawyers

This article discusses certain aspects of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (the Act) which sets new conditions for participation in Australian coastal trading.

The Act is part of the 2012 Shipping Reform, and it replaces Part VI of the Navigation Act 1912. It is part of the Government’s Shipping Reform “Stronger Shipping for a Stronger Economy” which created an Australian International Shipping Register and provides tax incentives for Australian ship operators.

The 2012 Shipping Reform

The Government’s Shipping Reform “Stronger Shipping for a Stronger Economy” legislation came into force on 1 July 2012.

When launching the Shipping Reform, the Government stated that “movement of cargo on the ‘blue highway’ provides an environmentally sustainable transport choice and eases congestion on the road system. Around 25 per cent of the domestic freight task (on a tonne kilometre basis) is carried by ships. Over the last 15 years, the amount of this cargo carried by foreign vessels, employing foreign crews has increased from 6 per cent to 30 per cent. More than 99 per cent of Australia’s international trade is carried by ships, yet only 0.5 per cent of our export trade is carried on Australian flagged vessels.”

The Government also pointed to the significant decline of the Australian shipping industry which could be measured by:

- decreased ship numbers – since 1996, the number of Australian registered trading vessels have more than halved from 55 to 22;
- crew numbers – employment on Australian registered trading vessels has reduced from 2,400 to 1,300 over the same period;
- average age of fleet – the average age of Australian vessels is 19 years, compared to a global average of 12 years.

The purpose of the Shipping Reform is to reverse this trend and create better conditions for the Australian shipping industry and its ship owners and operators. Parts of the reform address concerns expressed by the Australian shipping industry.
for more than 20 years, and follow similar measures adopted in Europe and elsewhere.

Shipping Australia has expressed the view that “the package of reforms has the potential to lead to a reinvigorated and internationally competitive Australian merchant marine.”

The Australian Shipowners Association has stated that the proposed reform “provides the necessary elements to allow shipowners to base their operations in Australia and add value to our economy by doing so. The tax measures announced are amongst the most competitive in the world and will provide essential flexibility for investment decisions by ship owners. The creation of an international second register will allow Australian companies to own and operate ships in international trades on a competitive basis.”

The Maritime Union of Australia believes that the “shipping reform is without doubt, one of the most important pieces of legislation passed by the federal government in Australian maritime history”. “The new shipping legislation means that cabotage is back on the menu for seafarers worldwide.” “Australia has shown the way in international shipping – we have demonstrated that flag of convenience shipping can be defeated and that all seafarers have a right to work in the industry.”

The fact that representatives of both shipowners and local seafarers support the reform is perhaps a sign that the reform has struck the right balance and that it may achieve the goals it has set.

**Coastal Trading**

Section 7(1) of the Act defines the term ‘coastal trading’. This definition applies to ships engaged in voyages of a commercial nature carrying passengers or cargo and covers:

- trips between a port in one state (or territory) and a port in another state (or territory);
- trips between two or more ports in the same state (or territory), followed by trips to one or more states (or territories); and
- trips between two ports within the same state (or territory) where the vessel is the subject of a declaration made under subclause 12(2) of the Act.

Section 7(2) of the Act provides that a vessel is not engaged in coastal trading if it carries (1) passengers who hold a through ticket to or from a port outside Australia, and they disembark at a port in Australia for transit purposes only; or (2) cargo that is consigned on a through bill of lading to or from a port outside Australia and is unloaded at a port in Australia for transhipment only; or (3) passengers, or cargo, of a kind prescribed by the regulations.

The Act has created a new three-tier licensing system for coastal trading: General Licence; Temporary Licence; and Emergency Licence. There are also transitional arrangements. This article does not discuss the Emergency Licence or the transitional arrangements.

**General Licence**

A General Licence is only available for vessels on the Australian General Shipping Register. It is valid for 5 years. Each seafarer working on the vessel must be an Australian citizen, permanent resident or hold a visa with appropriate work rights. Vessels with a General Licence have unrestricted coastal access and are eligible for tax incentives. It is curious that it has been deemed necessary to issue Licences to these eligible vessels, as all vessels on the Australian General Shipping Register are presumably qualified to obtain such a Licence. A simple production of a ship registration certificate might have sufficed.

**Temporary Licence**

The Temporary Licence replaces the old Special Voyage Permits and Continuing Voyage Permits (with some transitional measures available). They are valid for 12 months and are available for foreign flagged vessels and Australian International Shipping Register vessels.

The Fair Work Act applies to Temporary Licence holders (Fair Work Amendment Regulation 2012 (No. 2)). Temporary Licence holders are not required to employ Australian seafarers, but some Australian employment conditions must be complied with (Seagoing Industry Award 2010, Part B).

An application for a Temporary Licence must be submitted to the Department of Infrastructure and Transport and provide the following information:

- Number of voyages – must be at least 5 to be authorised
- Kinds and volume of cargo/number of passengers (if any)
- Loading and discharge ports
- Expected dates of loading
- Operator details, whether Vessel owner, Vessel charterer or Vessel master
- Name of vessel, if known
- Agent of the vessel
- Shipper

A Temporary Licence can subsequently be varied by application. The ability for applicants to file variations recognises that a carrier (and indeed the shipper) cannot necessarily guarantee the precise scope of carriage for 5 voyages occurring during the next 12 months. So far, the Department has demonstrated pragmatism when agreeing to variations.

The requirement to nominate 5 voyages has been the subject of much debate and this is discussed further below.

**Temporary Licence application process**

The application for a Temporary Licence will be published on the Department’s website within 2 days of receipt. This gives a General Licence Holder the opportunity to submit a notice in response to the application within 2 days of application being published on the website. If General Licence Holder submits a notice in response, the Department puts the Temporary Licence applicant in contact with
General Licence Holder so that they may negotiate with each other. Essentially, if the General Licence Holder is able to carry all cargo/passengers, the Department will generally refuse the Temporary License application (subject to consideration of various factors set out in Section 34(3) of the Act). If a General Licence Holder is able to carry some cargo/passengers, then the Temporary Licence application process continues on remaining cargo/passengers.

If the application process continues, or there is no notice in response, the Department have to consider a variety of factors when deciding on the Temporary Licence application. These include the object of the Act, prior breaches/cancellations, reasonable requirements of the shipper of the cargo, and any written comments regarding application received from third parties, such as for instance the maritime unions.

Temporary Licence holders must provide a report to the Department within 10 business days after the end of each voyage that has been authorised. The report must contain details of the type and amount of cargo carried, the name of the vessel, the ports of loading and discharge and various other information set out in Section 62 of the Act or the Regulations.

Experience so far
According to the Department, by the end of October 2012 (first four months of operation),

- 17 General Licences had been granted;
- 16 Transitional General Licences had been granted;
- 36 Temporary Licences had been granted, applying to some 1,300 voyages;
- 5 applications for Temporary Licences had been rejected;
- 5-6 Notices in Response had been received, and out of those 1-2 Notices had resulted in a General Licence holder carrying the cargo;
- Many variations had been filed and approved;
- No Emergency Licence applications had been received.

Any mistakes in the presentation of these figures are the authors' own.

It appears that liner operators who carry containers on a regular basis between Australian ports, as part of their international voyages, do not experience any significant difficulties, compared to the previous regime. They are able to predict the minimum 5 required voyages and the types of cargoes, and they have generally received a Temporary Licence.

Tramp operators on the other hand appear to have real problems. By the nature of their business, they find it difficult if not impossible to predict 5 voyages in the next 12 months. The types of cargo they carry are usually one off cargoes which may be available on fairly short notice. If a tramp operator becomes aware of such a cargo, the application requirement of nominating 5 voyages means that this operator has to nominate 4 more voyages in the next 12 months. This may be impossible. Such operators might only be able to estimate the timing and scope of four more voyages, on the basis of previous years’ experience.

The tramp operators’ difficulties were raised at the useful industry briefing sessions held by the Department in Melbourne and Sydney in mid 2012. The Department expressed a willingness to assist such operators in the application process. However, it was also made clear that an application could not include fictive voyages or “guestimates”. Some basis for the 5 voyages will have to be provided by the applicant. There is anecdotical evidence in the industry that some tramp operators have so far refrained from engaging in this trade under the new rules, due to the inability to nominate 5 voyages.

Cargoes carried by tramp operators are often project cargoes (eg, oversize construction equipment) which require special vessels and expertise. Not many vessels are available to carry such cargoes. If there are no competent General Licence holders to carry the cargoes, and they cannot be carried by tramp operators on the basis of a Temporary Licence, the cargoes may have to move by road or possibly rail. This might create delays, practical difficulties and additional costs for the shippers, as this type of equipment may have to be dismantled to fit on trucks/rail. Also a shift of such cargoes to road/rail will run counter to one of the overall purposes of the Shipping Reform of encouraging “movement of cargo on the blue highway”.

Hopefully these issues will be addressed in due course by the Department and the industry.

Will the Shipping Reform achieve its goals?
It is of course far too early to say whether the Shipping Reform will achieve its goals. The coastal trading rules clearly create a system which favours General Licence holders. The big question is whether that preference regime, coupled with the tax incentives, are sufficient to grow local Australian shipping. For that to happen, local shipping needs to be profitable and be able to provide relevant services. At the same time, the costs and other conditions of using local shipping need to be competitive compared with road/rail haulage costs and conditions.

At the time of writing this article, the Federal Court of Australia was considering key issues relating to a contest between a Temporary License applicant and a General License holder. The Department had decided to grant the Temporary License despite the fact that a General License holder had submitted a notice in response. No judgment had been handed down at the time of writing this article. The decision may have significant implications for the operation of the Act. ▲
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Enforcement of Foreign Maritime Arbitral Awards in Australia: Current Conflicting Jurisprudence

By PETER MCQUEEN*

There is in Australia current conflicting jurisprudence as to whether or not a voyage carriage charterparty is a “sea carriage document” as those words appear in section 11 of the Australian Carriage of Goods by Sea Act 1991 (COGSA).

In August 2011 the Supreme Court of South Australia, in its decision in Jebsons International (Australia) Pty Ltd v Interfert Australia Ltd (2011) 112 SASR 207 (Jebsons), held it was not and in June 2012 the Federal Court of Australia, in its decision in Dampskibsselskabet Norden A/S v Beach Building & Civil Group Pty Ltd [2012] FCA 696 (Norden), held it was.

The consequence of each holding was that in Jebsons the foreign maritime arbitral awards were enforceable in Australia, whereas in Norden similar foreign arbitral awards were not enforceable in Australia. The decision in Norden is under appeal.

The governing regime for international commercial arbitration in Australia is the International Arbitration Act 1974 (IAA), which was significantly amended in 2012, the amendments underlining pro-arbitration and pro-enforcement policies. The IAA implements Australia’s obligation to recognise and enforce foreign arbitration agreements and arbitral awards under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

It is relevant to set out the interrelationship between the IAA and COGSA and the specific provisions in COGSA which were under consideration in each decision as set out in the breakout box on this page.

Section 11(1) of COGSA is a mandatory choice of law clause, by which all parties when entering into contracts relating to export shipments are taken to have intended to contract in accordance with Australian law. Section 11(2) of COGSA maintains the preservation of the jurisdiction of Australian courts in respect of agreements, wherever made and where evidenced by specified documents relating to both export and import shipments. By Section 11(2) those agreements have no effect so far as they purport to preclude or limit the application of Australian law in respect of export shipments and the application of the jurisdiction of Australian courts in respect of both export and import shipments.

When Section 11(1) was originally introduced in 1991 its operation was limited to “a bill of lading, or similar document of title” and did not apply to a charterparty which was not itself a document of title. In 1998 amendments were made to Sections 11(1)(a) and 11(2)(c) (i) by omitting the words “a bill of lading, or similar document of title” and by substituting the words “a sea carriage document relating to the carriage of goods from any place in Australia to any place outside Australia” and “a sea carriage document relating to the carriage of goods from any place outside Australia to any place in Australia” respectively.

The words “sea carriage document” appearing in these amendments are not defined in COGSA. Rather they are defined by way of regulation, with the introduction into COGSA in 1998 of the “amended Hague Rules” by Schedule IA. Article 1(1)(g) of the amended Hague Rules defined those words. That definition is:

“(i) a bill of lading; or
(ii) a negotiable document of title that is similar to a bill of lading and that contains or evidences a contract of carriage of goods by sea; or
Section 2C in the IAA states:

“Nothing in this Act affects:

... 11 Construction and jurisdiction
(1) All parties to:

(a) a sea carriage document relating to the carriage of goods from any place in Australia to any place outside Australia;

... are taken to have intended to contract according to the laws in force at the place of shipment.

(2) An agreement (whether made in Australia or elsewhere) has no effect so far as it purports to:

(a) preclude or limit the effect of subsection (1) in respect of a bill of lading or a document mentioned in that subsection; or

(b) preclude or limit the jurisdiction of a court of the Commonwealth or of a State or Territory in respect of a bill of lading or a document mentioned in subsection (1); or

(c) preclude or limit the jurisdiction of a court of the Commonwealth or of a State or Territory in respect of:

(i) a sea carriage document relating to the carriage of goods from any place outside Australia to any place in Australia;

(ii) a non-negotiable document of a kind mentioned in subparagraph 10(1)(b)(iii) relating to such a carriage of goods.

(3) An agreement, or a provision of an agreement, that provides for the resolution of a dispute by arbitration is not made ineffective by subsection (2) (despite the fact that it may preclude or limit the jurisdiction of a court) if, under the agreement or provision, the arbitration must be conducted in Australia.”

That definition applies when those words are used in the amended Hague Rules and does not apply to COGSA itself. By Section 9 of COGSA, the words “sea carriage document” as they appear in Part 2 of COGSA have the same meaning as they have in the Brussels Convention as amended by the Visby Protocol and the SDR Protocol (which constitutes Schedule 1 of COGSA). However the words “sea carriage document” do not appear, and are not defined, there.

It has been argued that a voyage charterparty could be construed to be within the description of the words “sea carriage document”, where they appear in Section 11 of COGSA, by using the meaning given to those words in the definition given to them in the amended Hague Rules. Upon this construction commentators have concluded that a foreign arbitration clause (that being one which stipulates that the arbitration seat is one outside Australia) in such a document would be of no effect (see the discussion in “Shipping Law” by M Davies and A Dickey (3rd edition, Lawbook Company, Australia, 2004, pp 177-9). If this were found to be the correct construction, then a foreign maritime award, which results from an arbitration clause within the terms of Section 11(2) (namely one made at an arbitration seat outside Australia) might not be enforceable by an Australian court. Against that construction it has been observed that the amended Hague Rules expressly do not apply to charterparties.

Alternatively it has been argued that, having regard to the plain meaning of the words appearing in COGSA, a voyage charterparty is a document that contains a contract for the carriage of goods by sea and is therefore a “sea carriage document”.

The Supreme Court of South Australia in Jebssens rejected the proposition that the foreign arbitration clause in the relevant voyage charterparty was not

(iii) a bill of lading that, by law, is not negotiable; or

(iv) a non-negotiable document (including a consignment note and a
contravention of Section 11(2) of COGSA, ruling that a voyage charterparty does not come within the ambit of Section 11. The case arose out of claims for unpaid freight arising from the carriage of an cargo of fertiliser from Tampa, USA to various Australian ports on the “Nord Trust” under a voyage charterparty. The charterparty called for arbitration in London with disputes to be governed by English law. The award creditor in respect of the two awards made sought their enforcement in Australia and the Court ruled that both awards were enforceable.

The Court ruled that the voyage charterparty was not a “sea carriage document” within the definition contained in the amended Hague Rules. It was reasoned that “COGSA in its current form deals with the rights of persons holding bills of lading or similar instruments. A charterparty is a document of a different genius. A charterparty is not a sea carriage document simply because it is a document containing a contract for the carriage of goods by sea. The charterparty is the relevant document, not the bill of lading. The arbitration was concerned with the charterparty.”

The Federal Court of Australia in Norden held that the relevant voyage charterparty was a “sea carriage document” within Sections 11(1)(a) and 11(2)(b) of COGSA. The case arose out of a claim for demurrage arising from the carriage of a cargo of coal from Dalymple Bay, Australia to Liuyungang, China on the “Ocean Baron” under a voyage charterparty. The arbitration clause called for arbitration in London with disputes to be governed by English law. The award creditor in respect of the two awards sought their enforcement in Australia and the Court ruled that they were not enforceable as they were of no effect.

The Court found that as from 1997 the legislature was intending by the various amendments to broaden the class of documents governed by Sections 11 (1)(a) and 11(2)(b) of COGSA. Further the Court gave the words of definition in Article 1(1)(g)(iv) of the amended Hague Rules “a meaning reflective of ordinary English usage” and that as the relevant charterparty “is a contract of carriage of goods by sea it “contains or evidences” such a contract” and “is, therefore a “sea carriage document” within the meaning of Section 11(1)(a).” The Court noted that “the same result would have been arrived at by simply construing the phrase “sea carriage document” in Section 11(1)(a) without recourse to Art 1 (1)(g)(iv) of the amended Hague Rules.”

Accordingly the Court found that the arbitration clause in the relevant charterparty had no effect, given that its purpose was to preclude or limit the jurisdiction of Australian courts (para 143) by the operation of Sections 11(1)(a) and 11(2)(b) of COGSA and concluded that the award creditor could not rely upon that arbitration clause as the source of the arbitrator’s jurisdiction and power to make the two awards and therefore neither award could be enforced in Australia under the IAA (para 146). In other words the effect of COGSA was that the arbitrator had neither jurisdiction nor power.

The Court, having found that the arbitration clause in the relevant charterparty was contrary to COGSA, could have then gone on to find that it would not enforce the award on the basis of grounds in Section 8(5) and 8(7) of the IAA. However it did not. Rather the Court found that COGSA struck down the arbitration clause and that there was no valid arbitration agreement. As previously stated this decision is under appeal.

These two conflicting decisions create uncertainty as to the enforceability in Australia of a foreign maritime award which results from a claim arising under a charterparty relating to an Australian export or import shipment of cargo.

Uncertainty will remain until either the High Court of Australia determines this issue and/or there is legislative amendment to COGSA.

Given this uncertainty, which will continue for some time, parties will need to consider when determining which arbitration seat to include in the arbitration clause in such voyage charters, whether they are prepared to risk the unenforceability in Australia of an award made in accordance with an arbitration clause which stipulates a non-Australian seat. That risk can be eliminated by the inclusion in the arbitration clause of an Australian arbitration seat. In that regard it should be noted that, by Section 11(3) of COGSA, the conduct of arbitration in Australia is expressly allowed.

*Peter McQueen is a Fellow of the Chartered Institute of Arbitrators, an ICC and LMAA arbitrator and a Fellow and Director of ACICA and is the inaugural chair of AMTAC.
Brisbane Marine Pilots

...in safe hands

Suite 2 Argyle Place,
14 Argyle Street
PO Box 306, Albion QLD 4010,
Australia

Operations +61 7 3862 2260
Admin +61 7 3862 2238
Fax +61 7 3862 2240
bmp@brisbanepilots.com.au
www.brisbanepilots.com.au
NSW Parliamentary Luncheon

270 guests attended Sydney’s spring parliamentary luncheon hosted by Robert Furolo MLA, shadow minister for ports. Guest of honor and speaker was Anthony Albanese, Minister for Infrastructure and Transport. The luncheon was sponsored by Sydney Ports Corporation and lucky door prizes went to AGS World Transport, MSC and Patricks Terminals & Logistics. Awards for their contributions to our industry were presented to John Horan and Paul Nicholson.
SAL Shipping Industry Ball 2012

On Friday 12th October 2012 at Moda Events Portside, SAL hosted the 21st Brisbane Shipping Industry Ball, attended by 280 people. This year the beneficiaries from the ball were the Brisbane Mission to Seafarers and the Stella Maris Apostleship of the Sea. SAL was pleased to present $5000.00 to each worthy organisation that does so much for the benefit of visiting Seafarers. Those donations would not have been possible without sponsorship support. SAL is grateful to the Port of Brisbane Pty Ltd, Chalmers Industries, Patrick Terminals, PB Towage, Switzer Aust, Brisbane Marine Pilots plus the ACE Waste group and many others for their generosity.
New YSA gets off to a great start in Queensland

Seventeen members of the newly formed Young Shipping Australia in Queensland participated in a tour of the Smartship simulator, on 22 October in Brisbane.

James Kurz of Pacific Asia Express coordinated the arrangements with Maritime Safety Qld and commented “It was fantastic and very interesting hearing about how the simulator is used to plan for special traffic movements, new port developments, pilot audits and so on.”

They were split into two groups and shown through the main ship simulators and the tug simulator. It was a very hands-on demonstration that was thoroughly enjoyed by all.

YSA Queensland joins similar organisations in New South Wales and Victoria.

Improved Equipment in Pilotage in the Great Barrier Reef

Australian Reef Pilots have taken delivery of a Brisbane built 46.5 feet long, 18 tonne new launch, the Malu Mai (or Ocean Pearl) which is powered by twin 500 hp scania diesels. It can withstand testing weather conditions. It will be based in Cairns and will be used to service ships navigating the inner route of the Great Barrier Reef and will join the other 11 boats operated by the company.

In addition, ARP has access to five helicopters under lease agreements. In addition, ARP have leased a state-of-the-art helicopter, twin engined Augusta 109E Power Elite specially modified for long range marine pilot transfers between Mackay and the Blossom Bank pilot boarding ground, approximately 110 miles off the coast. The all-weather helicopter can fly at night and has a three axis autopilot plus storm scope and a five cell fuel unit allowing a range of 420 nautical miles.

ARP pilots navigate ships across the Great Barrier Reef, transiting Hydrographers Passage and in/out of the ports of Hay Point, Dalrymple Bay and Mackay.

Maritime Legislation Amendment Bill, 2012 Enacted

On 13 September this year, the Parliament passed the Maritime Legislation Amendment Bill 2012 which will come into force on 1 January, 2013. It implements amendments to the International Convention for the Prevention of Pollution from ships (MARPOL) adopted by the International Maritime Organisation last July.

The Bill makes mandatory the Energy Efficiency Design Index for new ships of 400 gross tonnage and over that will be built on or after 1 January, 2013 for international trade. New ships can meet energy efficiency targets through improved hull design and more energy efficient engines.

It also makes mandatory a Ship Energy Efficiency Management Plan for all ships of that size. Energy savings can be achieved through speed optimisation and hull maintenance.

Passenger ships operating in designated “special areas” will also face new restrictions relating to the discharge of sewerage and the disposal of garbage in environmentally sensitive areas.

Bunker costs reduced through new Malacca Straits tidal model

A new high-resolution tidal model for the Malacca and Singapore Straits will potentially save thousands of dollars in bunker fuel costs according to applied oceanography specialist Tidetech.

The company said simulations have shown that transit time savings of between three and twelve per cent can be made depending on vessel type, speed and tidal phase.

The high-resolution (up to 800m) Malacca and Singapore Straits commercial tidal model is the first of its kind in the region and addresses one of the major needs of the 60,000 ships transiting these channels annually – that of improved efficiency and reduced emissions.

The company pointed out that by arriving at the optimal time a ship can benefit from a favourable tide or current through busy, narrow or restricted shipping channels.

The model data is available in up to 10-minute time steps and can be integrated into ECDIS as a layer (or into other bridge systems) supplied with specialised optimisation software or as raw data.

Tidetech’s team of scientists have access to global bathymetry (depth) date, satellite altimetry information and local observations which they use to calculate hydrodynamic models using highly-complex equations of motion that govern fluid dynamics. For further information please visit www.tidetech.org.

Lloyd's Register announces breakthrough in container ship capacity

Advanced research and development by Lloyd’s Register indicates that container stacking weights can be modified to allow the carriage of more cargo. The concepts are lower costs; lower emissions and a lower carbon footprint per container carried. In an 18,000 TEU design, the increase in capacity could be as much as 10 per cent.

The results of the research on optimum ship design revealed innovative results but the increase in carrying capacity can be achieved safely. More work needs to be done but results so far are very encouraging.
Austral secures order for more wind farm support vessels

Austral has secured a new contract for the design and construction of three wind farm support vessels. The 27 metre catamarans built in the Philippines will be used by UK-based Turbine Transfer to support wind turbine installation and maintenance activities in European waters.

New cranes for HPH in Brisbane

Hutchinson Port Holdings has brought two new cranes to Brisbane standing 109 metres high, and they weigh more than 850 tonnes each. They are capable of reaching across ships 18 containers wide.

Dr Stephen Gumley advised that apart from the new quay cranes, Brisbane will be the first port in Australia to have automated container stacking cranes. The company is hopeful of beginning its stevedoring operations in Australia in the first half of 2013.

International Chamber of Shipping welcomes navigational safety improvement in Straits

The ICS has welcomed the outcome of an important meeting in late September between Governments to advance navigational safety in the strategically vital Malacca and Singapore Straits, where there are about 70,000 ship transits each year.

The Co-operative Mechanism on Safety of Navigation and Environmental protection in the Straits of Malacca and Singapore (also involving Indonesia) considered the concern expressed by ICS regarding the continuing lack of new large scale navigational charts and acknowledged the problem.

India, one of many observer nations present, offered the use of a survey vessel to conduct appropriate hydrographic surveys in the area and training of personnel in hydrography.

At the meeting, ICS updated the results of its detailed survey of safety incident reports for the area. There are many ongoing projects to improve navigation through these Straits.

International Chamber of Shipping disappointed with IMO Fuel Study Decision

The ICS had been pressing the IMO to start work without further delay on a comprehensive fuel availability study that would consider the impact of all changes required by the new MARPOL Annex VI regime, before it is too late for the oil refinery industry to respond and invest in low sulphur fuels.

By a narrow margin, the IMO Marine Environment Protection Committee decided in late September to reject the ICS submission.

The ICS Secretary General, Peter Hinchliffe commented after the vote “What will be the impact of ships switching to distillate on the availability of diesel for road transport or heating oil for homes? The major refinery upgrading required could take a minimum of four or five years, perhaps longer, and ICS believe that completing the study in 2018 (as currently planned) would simply be too late.”

ICS has not given up and will bring the issue back to IMO next year.

SAL visited by delegates from the China Maritime Safety Authority

As part of their Australian tour hosted by the Australian Maritime Safety Authority, four representatives from China’s Maritime Safety Authority visited Shipping Australia Limited Sydney offices on Friday 12 October. After making a short visit to Cosco, China’s largest shipping company, the delegation was greeted by SAL Chairman Ken Fitzpatrick who gave a short presentation of the role of SAL and described its strong working relationship with AMSA. SAL participates in seven committees and groups associated with ASMA including its Advisory Committee.

The volume of shipping of the two countries was compared by the annual TEU throughput of the Port of Melbourne, 2.5 million with Shanghai, 31.7 million. This statistic was put into some perspective after it was considered that AMSA has 350 employees and CMSA has over 30,000.

The delegates were interested to hear the Australian industry view on a number of International Maritime Organisation developments such as the Maritime Labour Convention and operation of the Vessel Traffic Services in areas such as the Great Barrier Reef.

The delegates represented port districts across China, Gao Lijun – Tianjin, Bao Jilai – Lianyungang, Shi Shiyun- Ningbo, Liang Wanchun – Shenzhen. Initially the delegation consisted of six but two members had left the previous night to visit the Port of Melbourne. The remaining four members were also pairing off to visit the Newcastle Port Corporation and the Port of Townsville separately on the weekend before returning to China the following week.

Shipping Australia presented the delegates with a silver medallion commemorating the last 40 years Australia-China relationship which has been so productive from the point of view of both countries. The delegates expressed their appreciation for such a memorable gift.

SAL chairman presenting the silver medallion
ROB MACKLIN’S true story is about four not-so young Australians who volunteered to gamble against death and the rival talent of a German scientist who designed the massive explosive mines Germany parachuted into Britain during World War II.

As the mine-busters solved the mysteries of each mine its inventor varied the firing mechanism every few weeks to kill as many disposal experts as possible.

Seventy five of our men died but One False Move is about four - Hugh Syme, Stuart Mould, Leon Goldsworthy, and George Goss - who beat the odds and lived to win the George Cross, second only to the VC, and join the ranks of Australia’s most decorated war heroes.

The unanswered, indeed unasked, question remains: Why did they do it? All were married and three had children.

Their work sometimes meant being upside down in deep water so muddy they worked by touch alone; always listening, listening for the faint whirr indicating they had tripped the fuse and had only 23 seconds to stop it before detonation and their own evaporation.

Our heroes made mistakes, took astounding gambles and heard the click of firing pins that for one reason or other didn’t detonate the terrible thing they were working on. In one case a careless splash of varnish during the mine’s manufacture prevented the firing pin making electrical contact. Another time the firing pin had been made too short.

It’s little wonder that off duty on London’s club scene they seemed to spend a lot of time drinking and associating with ladies not their wives.

Macklin puts his readers side-by-side with his heroes as they tinker cautiously with their tasks. He takes us into deep holes, underwater, in the dark and always waiting for the dread Snap! of the mine’s primary charge triggering the roaring explosion that hurls the earth into the air, raises the ocean floor and has at its heart a flash of flame that atomises them or, worse, blows them to shreds to be painstakingly gathered later for their funeral.

“You’re safe on a night like this.”

“I’m going to unscrew the switch gear now.”

Suddenly there is an almighty flash of lightning from a gathering storm.

“Jesus Christ. My God it’ll go up. Run, man, quick.”

But he couldn’t run because he was gripped in the mud so he threw himself over the mine, hugging it to block out the next flash of light.

The storm passed and he said: “No wonder I’m sweating. All done!”

“We thought you’d gone that time, old boy.”

“So did I.”

Next day another mine, another tinkering with death that never quite came. Day after day more of the same. By war’s end all of them had been awarded the George Cross for their never-failing courage.

Seventy-five others were less fortunate. Few had funerals because there was nothing left to bury.

After the war all the drawings and secrets of Hubert Ruhlmann’s deadly fuses which had baffled and killed so many were found in the British Patent Office in London where he had registered them in 1933!

How did our Aussie heroes end up after the war? That’s why you must read to the end. Specially the epilogue.

In his introduction, Robert Macklin writes: “I am proud to have been entrusted with this remarkable story. I hope with all my heart that I’ve done it justice.”

You have, Rob, you have. – Archie Bayvel. ▲
PACIFIC2013 International Maritime and Naval Exposition will be a unique marketing, promotional and networking forum.

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AUSTRALIAN SALES TEAM

Bob Wouda
T: +61 (0) 3 5282 0538
M: +61 (0) 418 143 290
E: bwouda@amda.com.au

Penny Haines
T: +61 (0) 3 5282 0535
M: +61 (0) 407 824 400
E: phaines@amda.com.au

Kay McLaglen
T: +61 (0) 3 5282 0502
M: +61(0) 411 147 882
E: kmclaglen@amda.com.au

www.pacific2013.com.au

Maritime Australia Limited - PO Box 4095, Geelong VIC 3220, Australia  T: +61 (0)3 5282 0500   E: expo@amda.com.au
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